

India in 1926-27

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PREFATORY NOTE.

The task of preparing this report for presentation to Parliament has been entrusted by the Government of India to Mr J Coatman, and it is now presented under the authority and with the general approval of the Secretary of State for India, but it must not be understood that the approval either of the Secretary of State or of the Government of India extends to every particular expression of opinion

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EXPLANATION.

The rupee is worth 1 shilling and six pence gold, its fluctuations being confined between the upper and lower gold points corresponding to that ratio. One lakh (100,000) of rupees is worth £7,500 and one crore (ten millions) is worth £750,000 at the present rate of exchange.

The Citizen and the State—*contd*

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which is the fruit of conquest, the existence of the empire is secure. But when the recruitment fails, as fail it eventually does on account of the difficulty of preserving the long line of land communications between India and the temperate regions of Central Asia, the end is not far off. Whatever be the truth of this theory, the facts which it seeks to explain are writ large upon India's record. It seems, moreover, undeniable that every foreign empire has found itself impelled, as it were by instinct, to base its rule upon officers who are not merely of its own race, but recruited, whenever possible, from its own country of origin. Since India has become a member of the British Commonwealth, she has enjoyed security from invasion, great and small. But it is never wise to forget that the facts of India's geography remain unaltered, and that those natural entries which in times past have facilitated the advance of invading armies into the heart of the country, are still in existence. In times past, the great invasions have been almost without exception conducted from the landward side.

Problems of the Future

Even now, it is the North-West frontier which is generally accepted as the quarter from which danger is most likely to come. It may, however, be questioned whether, with the development of sea communications which has characterised the history of the last two centuries, India is not likely to find herself subjected, in the event of a world conflagration, to grave danger of attack from the sea. It would perhaps be unjustifiable to suggest that the naval defence of India may in future assume as prominent a part in her destiny as that which has been played in times past by her defence from the landward side, but it seems none the less difficult to exaggerate the importance of this aspect of the general problem. Once in possession of her sea communications, an enemy could not only cut her off from the rest of the civilized world, and thereby ruin the millions dependent on her external commerce, but could adopt the more active measures of seizure of her maritime towns and of invasion in force.

We may now briefly review some of those conditions upon which the problem of defending India both by land and by sea must necessarily be based. For a country which

The Land Frontiers

possesses a land frontier of over 6,000 miles in length India is comparatively well sheltered.

But there are joints in the armour

INDIA IN 1926-27.

CHAPTER I.

The year 1926-27.

The opening of the period which is passed under review in this report, coincides exactly with the beginning of His Excellency Lord Irwin's Viceroyalty, for it was on April 1st 1926 that he landed at Bombay

The outstanding feature of Indian affairs at the beginning of April 1926, was the old antagonism between Hindus and Muhammadans, which, during that month, broke out in Calcutta in excesses of riot and murder worse than anything recorded for many years past. There is no need to add to the account of the riots which was given last year, but, unhappily, they proved to be the prelude to a period of embittered and widespread intercommunal disorder of which the end is not yet in sight. For, since April 1926, every month has witnessed affrays more or less serious between partizans of the sister communities and only two months have passed without actual rioting in the legal sense of the word. The examination of the circumstances of these numerous riots and affrays will show that they originated either in utterly petty and trivial disputes between individuals, as, for example, between a Hindu shopkeeper and a Muhammadan customer, or else the immediate cause of trouble was the celebration of some religious festival or the playing of music by Hindu processionists in the neighbourhood of Muhammadan places of worship. One or two of the riots, indeed, were due to nothing more than strained nerves and general excitement. Of these the most striking example occurred in Delhi on June 24th when the bolting of a pony in a crowded street gave the impression that a riot had started upon which both sides immediately attacked each other with brickbats and staves.

To the North-East, there are some practicable passes upon the Assam frontier. But the difficulty of the country militates against the possibility of serious invasion. The North-East Frontier border of Burma, however, marches approximately one thousand miles with that of China, and is not entirely wanting in communications fit for bodies of civilized troops. From time to time the peace of this section of the frontier is threatened by occasional incursions, for the state of lawlessness in Yunnan has increased during the present unsettled condition of the Chinese Republic, and brigand bands are numerous. Until such time as the course of Chinese politics brings into power a Government strong enough to reassert its authority over the outlying provinces, minor incursions into Burmese territory are always possible. Nor must we forget that, at the present time, there are over a million armed soldiers in China. It is true that these are divided among a number of provinces and under numerous leaders, mostly fighting against each other, but if the time should come when China is again welded into some measure of unity, these large armies may constitute a potential danger.

We should notice that in 1923 a Burma Frontier Service was established for the protection and civilization of those tracts of territory which adjoin China. The official relations between the British and Chinese administrators on their respective sides of the border remain cordial, and annual meetings are held for the adjustment of complaints made by the subjects of each country.

Further South, Burma marches for some 100 miles with Laos, a French Indo-China and Siam province of French Indo-China, and then for over 600 miles with Siam. Communications between Burma and these countries are no better than those between Burma and Yunnan. British relations, both with Indo-China and Siam, are excellent. There appears to be little chance of any serious trouble arising between these countries and the British Empire. At the same time, it is well to note that both Indo-China and Siam are well prepared for war. Indo-China has a peace strength of 28,000 European and native troops, with a reserve of several hundred thousand trained natives, and an air force of two squadrons.

Siam has a peace army of approximately 120,000 men. Military service in Siam is compulsory and universal, and there is a trained reserve of about 400,000 men. The Siamese Government has devoted

will in future constitute a postulate of her national existence. Should her surrounding seas fall under the dominance of her foes, she can never be secure from invasion, should her oceanways be shut against the traffic of the world, she can never advance along the road to prosperity. The whole problem of India's maritime defence may be expected to loom larger as the years pass. In the last war, the exploits of the "Emden", fruitless as they were, brought terror to large sections of the population of the coastal towns. Trade was disorganized, wild panic occurred in places far beyond the reach of the solitary and comparatively insignificant vessel to which it was due. The whole incident demonstrates conclusively how easy and how damaging to India an attack from the sea may prove. Moreover, it took place at a time when Britain's fleet undertook the naval defence of India as one of its great tasks; when none but a solitary raider could escape, even temporarily, from the iron grip of an all-embracing sea-power. An India thrown upon her own resources, exposed to attack from a first-class navy, would be indeed in desperate case. So long as her connection with Great Britain persists, and so long as the naval power of the Empire remains adequate for the discharge of its manifold responsibilities, it seems unlikely that India would have to reckon with an invasion from the sea or any major naval action near her coasts. Even so, if another world conflagration should unfortunately occur, she must expect minor raids upon her shores and spasmodic attacks upon her sea-borne traffic. But should she ever lose her connection with the British Empire, she would have to reckon with the possibility of attack by first class naval Powers. Successfully to oppose such attack, she would be obliged to maintain a battle fleet at least equal in strength and efficiency to that of her assailant.

At present her lack of facilities for constructing and maintaining modern ships of war, together with her financial situation, make

the prospect of possessing such a fleet somewhat visionary.

An Indian Navy

As a member of the British Commonwealth of Nations, however, she may expect that the co-operation of the Royal Navy will relieve her from all but a share in the burden of her sea-defence. While this holds true superior force can be opposed to any naval threat to India's safety, from whatever direction it may be made. It seems clear, however, that the advance of the country towards the goal of Dominion status must entail

ties in the disputes which arise out of these contending interests can therefore be seen easily enough. Seldom can they intervene without giving to the unscrupulous a chance to raise the cry of religion in danger. However, the increasing frequency of riots caused by the playing of music before mosques, impelled the Bengal Government to seek, so far as Calcutta was concerned, a *modus vivendi*. Accordingly on June 4th, they issued a statement in which they laid down certain rules to be observed in Calcutta. For many years, processionists wishing to play music have had to take out a license, one of the conditions of which prohibited the playing of music in the neighbourhood of places of worship during hours of public worship. No change was made by these orders in the form of this license, but the Commissioner of Police was given power to define precisely the hours of worship during which the processionists might not play music in the neighbourhood of buildings where worship was proceeding. The famous Nakhoda Mosque in Calcutta was excepted from the operation of the orders and it was laid down that music should be stopped in its neighbourhood at all hours. The Bengal Government's orders represented a codification and definition of the law and the local custom in this matter, and showed that the administration was determined to intervene effectively whilst recognising and safeguarding to the fullest extent possible, the rights of both parties to the dispute.

During the whole summer of 1926, the relations between the two communities in certain parts of Bengal, particularly in the east, were the cause of great anxiety to the authorities, and, unfortunately, ill-feeling showed itself in the commission of acts of sacrilege by both sides. In the important district of Pabna, the prevailing ill-feeling gave rise to prolonged rioting between the 1st and the 7th of July.

But Bengal was not the only communal storm centre during the summer months, for the great Muhammadan religious festival, the "Bakr Id", fell this year towards the end of June, and, owing to the strained relations between the two communities, created a very menacing situation in many places where Hindus and Muhammadans lived together. In important centres like Calcutta, Delhi and Allahabad, where the danger of collision was most acute, and where its consequences would have been most dis-

Since India represents the terminus of a great highway trodden by the feet of countless invaders from Central Asia, she necessarily

India and her Northern Neighbours regards with some concern the situation of her neighbours on the North-West. Rarely is the spectacle reassuring. Up to the first

decade of the XX century, the much discussed Russian menace to India was a source of anxiety to those in high places. With the conclusion of the Anglo-Indian Agreement of 1907, a complete change took place in the relations existing between the two Powers. The entente lasted until the Bolshevik revolution of 1917. As a result

Russia of that upheaval, many portions of the old Czarist Empire took advantage of the ad-

ministrative breakdown to constitute themselves into separate States. In the course of the succeeding four years, however, the Soviet Government proceeded to overthrow the new political units of Daghestan, Azerbaijan, Armenia, and Georgia, and to regain control of Russian Turkestan by crushing the Khan of Khiva and the Amir of Bokhara. These States were granted nominal autonomy as Soviet Republics within the Russian Federation, but in actual

The Soviet and Central Asia practice were ruled so harshly that a succession of insurrectionary movements occurred.

The Mussalman peoples of Central Asia soon realised, despite the efforts of the propagandist, the essential incompatibility between the tenets of Islam and those of irreligious Bolshevism. Hence, while Soviet rule is now, broadly speaking, accepted over the old Russian provinces in Central Asia, the Bolsheviks have failed to enlist the enthusiasm of their Mussalman subjects in the spread of Communist doctrines. Moreover, experiments directed towards the introduction of State socialism have reduced these areas to a state of economic chaos and general misery.

A new policy Of late, however, a change seems to have come over Soviet policy in this region. The propagation of Communism has been abandoned in favour of the encouragement of nationalistic aspirations among the various races under Russian influence—a plan which may well indicate fresh designs of advance in the direction of India. Russia has at present scarcely made good the chaos into which her Asiatic possessions fell subsequent to the revolution. But the Soviet Government has steadily continued to re-establish its authority. Considerable pro-

of the Soviet Government, to which we have already referred, is likely before long to constitute a serious threat to the unity of the Amir's territories, since the newly constructed republics of Uzbek and Turkestan seem obviously intended eventually to include the Uzbeks, the Turkomans, and the Tajiks who are at present subjects of the Amir

Under the leadership of His Majesty Amir Amanullah Khan, the principal pre-occupation of Afghanistan is to strengthen her resources. For the last five years, the present Amir has been engaged in a far-reaching programme of reform and progress

Recent History Steps have been taken to control and limit the arbitrary authority of local officials,

experiments are being undertaken in Customs and Revenue regulations to explore more efficient methods of taxation, and endeavours are being made under Government auspices to discover fresh markets for Afghan produce. None of these reforms are popular, and the introduction of secular education and a secular code of administration aroused great hostility among the powerful party represented by the Mullahs. Their preaching inflamed the tribesmen, who resented the Amir's attempts to enforce conscription and to change their customs. The result was a formidable rebellion of Mangals and Zadrans in the Southern Province in March 1924. An army of some 6,000 men surrounded Matun, the capital of Khost. By the middle of April, a large part of the Southern Province was involved in the insurrection, and with the exception of a short period in May, when the rebels dispersed to their homes, desultory fighting continued for three months. In July, a certain Abdul Karim, a slave-born son of the ex-Amir Yakub Khan, escaped from surveillance in India and arrived in Khost, where he posed as the rightful Amir. It does not appear, however, that his presence had much effect on the conduct of the rebellion, in which the Suleman Khel Ghilzai now took the lead. The Amir's troops experienced several serious reverses, particularly at Bedak, Patkha, and Hisarak, and the Government decided to enlist auxiliaries from the Khugiani, Afridi, Mohmand, Kunari, Shinwari, Wazir, and Hazara tribes. At one time the rebels were astride the Kabul-Ghazni road, and reached within measurable distance of the capital itself. For want of a united policy, however, they failed to push their advantage home, and Afghan diplomacy, working on their internal dissensions, eventually broke their resistance. In these successes the Afghans were

of Hindu and Muhammadan antagonism, which, as His Excellency said, was "so clearly the dominant issue in Indian life" The occasion of the speech was a dinner given on July 17th at Simla in honour of Lord Irwin by the Chelmsford Club whose membership is open to the members of every community both British and Indian in India From the beginning of his speech Lord Irwin struck a personal note which deeply impressed the distinguished audience assembled from all parts of India to hear him He repudiated the suggestion that the Government of India welcomed these evidences of division among the Indian people and also the suggestion that the outbreaks were viewed with indifference by the authorities With regard to the first suggestion, His Excellency said, "The most superficial analysis of this policy (*i e*, the progressive realisation of responsible self-government in British India) can lead to no other conclusion than that the British Government recognised from the outset that harmony between the two great communities was an essential condition of the attainment of their goal And by harmony I do not mean the surrender by either community of its individuality But I do mean the harmonious intercourse of daily life and the mutual acknowledgment of common rights and duties in all that goes to make up Indian citizenship" "For the success of our own policy, for the very credit of British statesmanship," His Excellency continued, "we were bound to do and we have done everything in our power to promote such better understanding If indeed the reality of communal antagonism should prove permanently more powerful than hope of an All-India patriotism it is obvious that the foundations upon which we have sought to build would be rudely shaken"

"As regards the second point that Government regards these troubles with indifference," said Lord Irwin, "it is hardly necessary for me to contradict something which is in palpable conflict with the facts of every day life as they are known by millions throughout the length and breadth of India"

He then spoke with appreciation of the devoted labours of district officers, both British and Indian, in the cause of law and order, and made it clear that the Government of India stood solidly behind the Provincial Governments in their efforts to prevent communal conflict His Excellency next turned to more fundamental considerations and dealt first with the suggestion which has been made

difficulties are great, since there is a powerful school of thought in Afghanistan which holds the traditional view that the success of Afghanistan relations with India is in proportion to the success of her efforts to influence our frontier tribes. Amir Amanullah and his present advisers appear to have realised that this policy is not conducive to friendly relations with a neighbour, whose goodwill he genuinely desires. Though he has been forced by lack of adequate troops to employ some British tribesmen in the suppression of the rebellion, his general attitude towards frontier questions throughout the year has indicated a desire to behave in a correct and friendly manner. In estimating the measure of the Amir's fulfilment of his neighbourly obligations, regard must be had to the peculiar difficulties of his position.

The obligations of India upon the North-West Frontier are not confined to her international relations. Between the Durand Line, which marks the Afghan frontier, and the Independent Territory Provinces of British India, there lies a tract of territory which, though part of the Indian Empire, is not directly administered by the Government. Here dwell in rocky and desolate fastnesses a number of warlike tribes, who eke out the meagre subsistence their lands afford by raiding their more and peaceful prosperous neighbours. Their martial spirit, and their fierce devotion to what they understand of the Muslim faith, make them formidable antagonists, while their barbarity and savage independence constitute a standing menace to the security of India. It is difficult to conciliate them, it would be a herculean task to suppress them. They constitute a permanent advance guard of invasion within India's very borders. They can muster nearly half a million fighting men, a large proportion equipped with modern rifles, all with ancient barbarity. They constitute a standing invitation to external intrigue. There is always a grave risk lest a sudden outbreak of fanaticism may start such a flame as will set the border ablaze. It is the task of the British and Indian officers of the Political Department to shepherd these restless peoples, and to influence them, so far as may be, in the direction of peace and order. Irregular and regular troops keep ceaseless watch and ward over the border, while no expedient is neglected which may persuade the more sober elements to abandon their traditional habits in favour of a more civilised existence. Allowances are paid for good behaviour, the more ardent spirits are enlisted as khasadars or local

said that if he thought that there was any real chance of improvement in the communal situation as a result of the deliberations of such a conference, no fear of failure would deter him from summoning it. Past experience however gave no valid reason for hoping that improvement could be effected by these means and he referred to the conference with this object which had been held between leaders of both communities in October 1924. In His Excellency's judgment this conference had failed "because it was not preceded by any adequate change of heart and feeling". The first condition of success in any similar attempt, His Excellency said was "that the communities should bring themselves to judge of the matters in dispute between them with a far greater measure of tolerance and restriction than unhappily prevails at present". The duties of the leaders of the two communities he described as follows — "Let the leaders and thoughtful men in each community, the Hindu among the Hindus, and Moslem among the Moslems, throw themselves with ardour into a new form of communal work and into a nobler struggle, the fight for toleration. I do not believe that the task is beyond their powers. I see before me two ancient and highly organised societies with able and esteemed public men as their recognised leaders. I cannot conceive that a really sincere and sustained appeal by them to the rank and file of their co-religionists sustained by active propaganda of the new gospel of peace would pass unheeded. In past centuries each community has made its great contribution to the annals of history and civilisation in India. The place that she has filled in the world in past ages has been largely of their creating. I refuse to believe that they can make no contribution now to rescue the good name of India from the hurt which their present discords inflict upon it". His Excellency concluded his speech with a personal appeal which deeply moved each individual member of his audience and created a profound impression on the Indian public generally even when read in the columns of newspapers, away from the inspiring personality of its author and the atmosphere of enthusiastic approbation in which it was received. Indeed, the speech received wide attention not only in India, but in England, and throughout the Empire and elsewhere. "In the name of Indian national life" Lord Irwin ended, "in the name of religion, I appeal to all in each of the two communities who hold position, who represent them in

of these four sections presents an entirely different problem to the officers of the Political Department

In Baluchistan, there is no tribal territory between British India and the Amir's dominions. The British authorities administer right up to the Afghan frontier. The tactful control of the tribes presents few difficulties, and the country is steadily advancing towards prosperous order.

In the wide belt between Gilgit and Chitral to the North, and the Kabul River to the South, the relations between the inhabitants and the British Government are also on the whole satisfactory. A great part of the territory is governed by important chieftains, such as the Mehtar of Chitral, the Nawab of Dir, and the Mian Gul of Swat. However much these rulers may fight amongst themselves, their interests are all on the side of peaceful and friendly relations with the British Government. Trade with India is active, and the Swat River Canal provides a competence for many sturdy persons who might otherwise augment their substance by raiding.

Further South, in the Tirah, the Afridis and Orakzais have so close a connection with the territory directly under British Administration that it is strongly and manifestly against their interests to undertake any hostile action against India. At the same time, their natural ferocious arrogance and formidable armament together with the peril of their country make them a source of potential danger. The difficulties of our political officers are increased by the individualistic character of the tribesmen. It is true that a number of important maliks exist, there is even a self-styled "King of the Tirah" but there are no chiefs or rulers, as in the area North of the Kabul River, with whom we can deal in the certainty that they will be able to carry out their undertakings.

The main problem of the North-West Frontier is, however, presented by Waziristan. Here conditions are quite different. The country is inaccessible to a remarkable degree, the inhabitants are virile and blood-thirsty savages who, from time immemorial, have supplemented their wholly inadequate resources of their sterile land by raiding, robbing

unfortunate features of the present inter-communal unrest is the comparative lack of influence for good of those who are generally considered to be the leaders of their communities

About a month after the speech to the Chelmsford Club, the Autumn Session of the Council of State and Legislative Assembly opened in Simla. Lord Irwin's inaugural address to the two houses gave yet another proof of his and his Government's grave preoccupation with this master-problem of Indian politics. This time, however, he emphasised the duty and determination of those in whom was vested the responsibility for the administration of India, to safeguard the public peace and the lawful rights of individuals

"we have obligations," he said, "to law-abiding citizens. Although, indeed, these matters are the primary concern of Provincial Governments, the form in which they are now emerging has in a real sense made them of all-India interest. While it is no part of the functions of the executive Government to ascertain or determine in any judicial sense the private rights of citizens—for an elaborate system of courts has been provided for that purpose—it is the undoubted duty of the executive authorities to secure that, subject to the rights of others and the preservation of the public peace, the enjoyment of those rights is secured to the individual. That duty the Government of India in co-operation with the local Governments desire should be performed with fairness and scrupulous impartiality. In ordinary times when no particular cause of friction arises, the enjoyment of private rights connected with the observance of the numerous religious festivals in this country, has, under the protection of the British Government, been secured for many generations. In times of communal tension, untenable claims of rights and exaggerated opposition have from time to time caused great anxiety to the authorities, and the maintenance of the public peace has been a difficult task. The antagonism which some members or sections of the communities concerned have recently displayed towards the observances of others appears to some extent to be based, not so much on traditional loyalty to any creed, as on new assertions of abstract rights. It is sought to invest with the sanctity of ancient principles. This tendency has been more marked in the recent troubles than in any previous period in the British administration. It can be very clearly emphasised that Government have no intention of interfering."

and thus become possessed of a real stake in the maintenance of orderly and peaceful conditions. They urge, moreover, the serious danger of allowing a strong well-armed force of tribesmen to exist in close proximity to our border, and point out that a system of exclusion can only result in the utter barbarism and permanent hostility of the inhabitants. They claim further that, by this policy, a considerable financial saving will eventually result from the cessation of the numerous "burn and scuttle" punitive expeditions of the past, which cost vast sums of money, and left behind them nothing but a heritage of hate. The second school of opinion is that known as the "close border." It advocates the retirement of our forces to positions within the directly administered districts of British India, and the erection of some modern equivalent to the Great Wall of China, for the confinement of the tribesmen inhabiting the territory between these administered districts and the frontier of Afghanistan.

Two Schools of thought

Lines of barbed wire linking up posts strongly held, mechanical transport roads running right along the

border, constant patrols and wireless communications, they urge, represent the only practicable means of preventing destructive raids into the settled districts of British India.

It is impossible to enter fully into the arguments which are cited by the supporters of either school. A rapid advance to the Durand Line is ruled out by the prohibitive cost which such a measure would entail. The "forward" School now advocates steady advance, as opportunity offers. Such opportunity may be found in the invitation of the tribes or in punishment of serious and repeated offences. The programme thenceforth would be one of consolidating the territories occupied, gaining the friendship of the tribesmen, improving their material condition, increasing their prosperity, and gradually bringing them under the influence of civilization. The ultimate goal, to the advocate of the "forward" policy, is the Durand Line. The "closeborder" policy has also many supporters. But it seems certain that the erection of a barrier between British India and tribal territory would result in a legacy of infinitely worse trouble. Such a policy of negation might in reality leave the tribesmen free to brew incalculable mischief, while affording an open invitation to continual intrigue on the part of influences, whether foreign or domestic, hostile to the peace of India.

masses in his neighbourhood, and he gave practical reasons for rejecting the suggestions for a Round Table Conference or a committee of enquiry. He showed that riots did not take place only on the occasions of festivals and important celebrations, but that, on the other hand, so explosive was communal feeling now-a-days, that they sprang from absurd and trivial occurrences, one or two of which he mentioned. The duty and willingness of all Government officers to help in the work of conciliation was emphasised, and Sir Alexander said that any proposals for conciliation would merit the serious attention of the Legislature. Particularly important was his reply to one member who had implied that the Government of India was inclined to let things take their course and had suggested that they should confer with the leaders of political thought. To him, Sir Alexander pointed out that he had no desire to shut the door to any means which would help to settle the communal trouble, but that conferences required an atmosphere of conciliation and a true desire for a settlement in those who conferred, and he said that leaders had met on past occasions without meeting with any success in their efforts to solve this difficult problem. He promised, however, that if the leaders of the two communities were prepared to get together again and make proposals to the Government, the latter would give them their most careful attention. In conclusion he said that the main purpose of the present debate had been discharged since a valuable discussion had taken place in an atmosphere of peace. He asked the House not to attempt to tie the Government down to any particular course of action and made it clear that the Government had no desire to shut the door against any conference if it appeared reasonable to expect any benefit to result from it. After he sat down the movers of the resolution and the amendments asked leave to withdraw them. The House agreed to their request unanimously and without a division. It is important to notice that the resolution and amendments were withdrawn by unanimous consent, for it is sometimes made a cause of reproach against the Government of India that they have never conferred with acknowledged communal leaders on this subject of Hindu-Muhammadian strife. It is quite clear from this debate that the members of the Legislative Assembly did not believe that the *times* were propitious for any such conference, and all reproaches levelled against the Government on this count fall to the ground.

man, and his death is likely to lead to an increase in the intrigue which commonly characterises the politics of this area of petty States. His eldest son, who was recognised as heir apparent in 1918, has succeeded without dispute, and it is hoped that no complications will arise. It is to be remarked that the general uncertainty resulting from the illness and death of the Nawab of Dir has allowed the Hindustani fanatic colonies, particularly at Chamarkand, to extend their influence, with the result that tribal levies and other Government servants have been subjected to certain measures of persecution. The Mian Gul of Swat has consolidated his hold over Buner, of which the conquest was mentioned in last year's Statement. He has given a definite assurance to the Government that he will not extend his domains to the eastern bank of the Indus, but the threat of his advance into *Khudu Khel* has already involved him in a minor conflict with the Nawab of Amb. In Chitral, there has been friction between the Maulai and Sunni sects of Muslims, which resulted in the flight of some of the former, who alleged that pressure was being put on them to change their religion. They have now mostly returned.

Chitral

Events in Tirah during the past year have been to a great extent influenced by the fact that when the notorious Ajab and two members of the Kohat murder gang surrendered themselves to the Afghans for transportation to Turkistan, a certain Sultan Mir and his son Gul Akbar, the two remaining members, took up their abode in Tirah. The harbouring of these two men was directly in contravention of the agreement reached at Shinawari on May 12th, 1923. Nevertheless, a considerable body of Afridi opinion was in favour of allowing them to remain, and attempts to persuade the Afridis to carry out their agreement were met not only by a blank denial of the presence of the refugees, but also by a counter agitation on the part of the Mullahs and the anti-British party. This agitation was based on the cry that British intervention in Tirah had lately exceeded all bounds, and that this region would shortly share the fate of Waziristan if its inhabitants did not set up a vigorous resistance. But with the annual migration of the tribesmen to the Peshawar district, the authorities at last found themselves able to bring sufficient pressure on the Afridis to compel them to take action. In

Tirah

The murder of Swami Shradhanand by a Muhammadan fanatic on December 23rd shocked all India and leading Muhammadans did not lag behind the Hindus in expressing their horror and detestation of the crime. The Swami had for years been one of the most prominent leaders of the Hindu community and, for some time before his death, had taken great interest in the Shuddhi movement, that is, the movement for the re-conversion to Hinduism of Hindu converts to Islam and Christianity. He himself had converted a large number of Rajput Muhammadans in the United Provinces and so his activities had become distasteful to many Muhammadans. For a time well-disposed Hindus and Muhammadans hoped that good might come out of evil and that the shock of the murder by showing what foul deeds could be committed in the name of religion would again start the leaders of the two communities on an earnest search for roads which might lead to peace and unity between the antagonists. The immediate result of the murder, the disturbance which broke out in Delhi City as soon as the news got abroad, and caused the death of one person and injuries to several others though deplorable in itself, was nothing like as serious as it might have been in the circumstances, and certainly seemed to show that even the roughest sections of Muhammadans realised the dastardly character of the crime. But a number of partisan newspapers of both sides did not treat the murder with the restraint which was so necessary if further exacerbation of communal feeling was to be avoided. In the end, therefore, it must be admitted that the relations between the two communities became more difficult and dangerous than ever, as the direct result of Swami Shradhanand's murder.

A few days after the murder, the Muslim League held its annual session in Delhi. The President this year was Sheikh Abdul Quadir, a Punjabi Muhammadan gentleman who had served as President of the Punjab Legislative Council, and had, for a short time, acted as one of the ministers of the Punjab Government. In his Presidential speech he deplored the murder of the Swami and emphasised the disservice done by the murderer to the cause of Islam. He also stated the need for unity between the Indian National Congress and the Muslim League, and asked each of these bodies to collect all their forces and to put them in order, and then

Mahsuds The Suleman Khels made several serious raids into the Zhob district, but on the whole their behaviour was less objectionable than in the past. Progress has been made in the extension of administration throughout this region by the occupation of two additional posts. On one occasion, a patrolling party of Zhob levies got into touch with a gang of the Suleman Khel raiders and killed eight of them. On the Western border, the rendition to Persia of the Sarhad tract was completed in the beginning of the year. An efficient Persian force under a capable Commander advanced without meeting any tribal resistance to Khawash which was formally made over. Thereafter, Indian troops were entirely withdrawn from this portion of Persian territory. The Persians started their administration well by making satisfactory arrangements with the Sarhad tribes. Since then, however, affairs have somewhat deteriorated. Military activities elsewhere called away the more efficient troops, and those which remain have long arrears of pay to receive. The projected movement which was to have suppressed Dost Muhammad Khan and brought Persian Baluchistan under effective control, failed to materialise, with the result that the Persians have been compelled to recognise this leader as Governor. Whether from this or from some other reason, Dost Muhammad Khan's behaviour has, from the British point of view, been more satisfactory, and affairs on the Mekran border have been quieter than in previous years.

From this brief consideration of the tract which on the North-West and West constitutes the extreme political limit of India, we may now turn eastward to the settled districts under direct British Administration which form part of the North-West Frontier Province. During the period under review, economic conditions were again easier. Further progress was shown in return to a normal state of affairs after the unrest which has been the heritage of the third Afghan War. The administration was thus able to continue, with marked effect, the systematic attempt to suppress the raiding nuisance, and the success of their operations is shown by the remarkable diminution, since the year 1920, of the number of raids and of the value of loot stolen by the tribesmen. A highly efficient system now exists for protection against raiders. Constabulary, police, local levies, and village pursuit parties, co-operate wholeheartedly against marauding gangs. Nevertheless, of recent years

under review. The most serious of these was the riot already mentioned which took place at Kulkathi in the Barisal district of Bengal on the 2nd March. There, a crowd of approximately 1,000 Muhammadans armed with spears and staves indicated that they were prepared to oppose by violence a Hindu procession passing the mosque with music. The armed force at the disposal of the authorities was represented by a small guard of Eastern Frontier Rifles and the District Magistrate found himself compelled to order this guard to open fire at a time when it was practically surrounded by the mob and as a result 14 rioters were killed and 7 injured. A searching enquiry ordered by the Bengal Government indicates that the small Government force itself was in imminent danger from the rioters and that it is likely that a far greater loss of life would have resulted had the mob not been dispersed. The events are under further investigation before the Courts in connection with the prosecution of those alleged to have taken part in the riot.

Once again, therefore, the country received a signal warning of the calamitous results which were liable at any moment to spring from the suicidal strife between the two great communities, and the Kulkathi tragedy cannot have failed to influence the deliberations of the group of influential Muhammadan gentlemen, most of whom were members of one or other of the two Chambers of the Central Legislature who met in Delhi on March 20th to consider whether the existing system of separate communal electorates could be replaced by an electoral system in which Hindus and Muhammadans would jointly choose members for the Central and Provincial Legislatures. The present system of communal electorates, it may be remarked, represents a direct concession to the demand for separate electorates made by Muhammadans at the time of the Morley-Minto Reforms in 1909. The overwhelming bulk of Hindu opinion favours the joint electoral system and so is not satisfied now with the most important agreement made hitherto between the two communities—the Lucknow Pact. The latter is the name given to a scheme of reforms which was accepted by the 31st Session of the Indian National Congress held at Lucknow on December 29th and adopted by the Indian Muslim League at its meeting held on the 31st December 1916. According to this scheme, Muhammadans were to be represented through special

control over the transfrontier agencies As a result of Government's consideration of this report, certain minor reforms have now been introduced into the North-West Frontier Province, and the judiciary is to be strengthened by the appointment of an Additional Judicial Commissioner drawn from the local Bar The authorities have decided against judicial amalgamation between the North-West Frontier Province and the Punjab

The division of opinion between the Hindu and Muhammadan element in the North-West Frontier Province, which was exemplified by the evidence submitted to the Enquiry Committee, received tragic confirmation, during the period under which we are now reviewing, in the outbreak of serious communal riots As will be clear from the subsequent portions of this Statement, the relations between the Hindu and the Mussalman communities have been strained throughout 1924 But in no locality did this tension produce such tragic consequences as in the city of Kohat The immediate cause of the trouble was the publication and circulation of a pamphlet containing a virulently anti-Islamic poem Terrible riots broke out on the 9th and 10th of September, 1924, the total casualties being about 155 killed and wounded. House property to the estimated value of Rs 9 lakhs was destroyed, and a large quantity of goods were looted In the event, the whole Hindu population evacuated Kohat city After protracted negotiations, an agreement of reconciliation was concluded between the two communities, Government giving an assurance that, subject to certain reservations, the prosecutions pending against persons concerned in the rioting should be dropped The Hindu refugees at Rawalpindi are slowly returning to Kohat, but their action has been delayed by the hope that their political leaders will be able to secure for them better terms With the object of enabling the sufferers to restart their businesses and rebuild their houses, Government has sanctioned advances, to be free of interest in certain instances, amounting to Rs 5 lakhs It is hardly necessary to say that this serious incident aroused the utmost feeling among the politically-minded classes throughout the rest of India The fact that the Hindu community at Kohat, which had been responsible for the initial causes of the outbreak, should have incurred such terrible retribution, led to the levelling of violent

- (2) Reforms should be introduced into the North-West Frontier Province and Baluchistan on exactly the same conditions as in any other province in India. If these conditions were accepted by the Hindu and Muhammadan communities, Muhammadans would accept the system of joint electorates in all provinces and would make to the Hindu minorities, in the provinces where Hindus were in a minority, the same concessions that the Hindus were prepared to make to Muhammadan minorities elsewhere.

In the Punjab and Bengal, representation should be on the basis of population, and in the Central Legislature Muhammadans should be represented by not less than a third of the members, these to be chosen by mixed electorates.

These conditions call for some explanation. In Bengal and the Punjab, Muhammadans are in the majority and presumably would always return to the provincial councils a majority of Muhammadan members. The North-West Frontier Province and Baluchistan are overwhelmingly, and Sind is preponderatingly, Muhammadan. The extension of the Reforms, therefore, to these three provinces would give their administrations a strongly Muhammadan complexion. Thus it will be seen that while the above conditions, no doubt, provided an opportunity for further discussion, they were not such as the Hindus were likely to accept without further consideration.

Immediately after the statement containing these conditions was communicated to the press one or two of the gentlemen who had been present at the conference immediately wrote to the newspapers denying that they had agreed to the conditions and saying that they could not accept the system of joint electorates on any terms. Mr Jinnah himself issued a statement to the Press in which he said that the Muslem proposals must be accepted or rejected *in toto*, whilst about three weeks later the representative in the Assembly of the North-West Frontier Province, and one of the most influential members of his community in the House, gave a statement to the press in which he said that if Muhammadans desired to preserve their identity they had better not allow them-

accepted a resolution to this effect and put forward certain proposals as a basis for further discussion. These in effect repeated the conclusions reached by the meeting of Hindu members of the Central Legislature on March 23rd, and so the whole incident may be said to have left the communal situation for the present exactly as it was before March 20th.

The frequency and ferocity of Hindu-Muhammadan rioting during recent years force, more insistently than ever before, this question on the attention. "What is behind these riots?" Before we attempt to answer this question let us look at the causes of the disturbances which took place during the twelve months under review. During that period forty riots have taken place. Of these about five developed out of petty quarrels between individuals, one originated in a dispute over the children of a convert from Islam to Hinduism, whilst the rest were caused by disputes about the playing of music in the neighbourhood of mosques, or else occurred during religious celebrations of one or other of the two communities. At first sight, therefore, it appears as though the trouble may be ascribed entirely to religious differences, but further consideration of the problem shows that this is not a sufficient answer. The foregoing discussion of the question of joint or separate electorates for India alone makes it quite clear that the differences between the two communities are not only religious but political also. It is often said that Hindu-Muhammadan antagonism owes its present intensity to the Reforms, which, by bringing the people of India face to face with some of the problems which they will have to solve before they can enjoy responsible self-government, has precipitated the struggle for the powers and emoluments of office, and, in fact, for the control of the machinery of government. It can hardly be denied that the Reforms of 1919, by forcing Hindus and Muhammadans to take thought of their respective positions under a fully responsible government of a democratic type, with its tremendously powerful central doctrine of government by majority, have reinforced traditional enmities. The Hindus are generally content to accept all the implications of government by Parliamentary majority, but the Muhammadans as the minority community insist on safeguards. Again, the Hindus with their greater aptness for study, their subtler minds, and their far stronger economic position advocate the policy of *laissez faire*, not

the Indian Army will be gradually transferred, and posted to fill up the appointments for which they are qualified by their rank and their length of service. From the military standpoint, the importance of this step is considerable, for it will give Indians a fair opportunity of proving that units officered by men of their own race will be in every way efficient. And these units will thus form the nucleus from which the Army can be "nationalised" with confidence that the security of the country will not be impaired. Unfortunately, the experiment has not so far commended itself either to Indian political opinion or even to certain of the Indian officers themselves. The latter seem to prefer to serve in regiments where they will be assured of serving alongside of British officers, while Indian politicians fear lest the segregation of Indian officers in certain regiments may affect adversely the efficiency of these officers, the reputation of the regiments, and indirectly the success of the whole scheme of a "National" Indian Army. Further, the mere fact that the completion of the experiment must take many years has prevented Indian political opinion, at least as expressed in the legislatures, from appreciating the pledge which it constitutes of the earnestness of British intentions in the matter of Indianizing the commissioned ranks of the Indian Army. That the aspiration of educated Indians to assume an increasing share of responsibility for the defence of their own country is both natural and praiseworthy, may readily be admitted. On the other hand, those who press for a more rapid advance than at present commends itself to the authorities, along lines the efficiency of which is still undemonstrated, expose themselves to the retort that the security of the country as a whole is a matter so vital that it ought not lightly to be jeopardised, even by those who are animated by the most commendable of intentions. Moreover, having regard to the fact that only since the Great War have Indians been given commissions identical in every respect with those held by British officers, it is perfectly clear that the demand, often made, for the appointment of Indians to higher posts in the Army, could be met only by special and accelerated promotion over the heads of their more experienced British brother officers. In the last speech which Lord Rawlinson ever delivered to the Assembly, he dealt upon this aspect of the question with soldierly frankness. He pointed out the grave difficulties which attend the formation of a national Indian Army,

DUTIES OF COMMUNAL LEADERS

ciliation of the two communities can be begun in this way, but what is the next step to be? As physical fusion is out of the question, some means of at any rate uniting their interests and strengthening and developing their sense of common nationality must be found. Spheres of interest must be demarcated which are common to both Hindus and Muhammadans and within those spheres the two communities must work together for their own good and for the good of all India. The opportunity for such work, and the machinery wherewith to do it, are at hand in the provincial and All-India Legislatures. So, paradoxically enough, the reformed constitution of India, which, by bringing the rival communities face to face with the hard realities of modern democratic government and its institutions, has helped to widen the scope of the old communal enmity and increase its intensity, also holds out the promise of a cure for the ills of recent growth and also for those which are of immemorial antiquity. It may be that Indian politics have to pass through a definitely communal stage—a statement which will be examined in some detail in the next chapter—but even this stage need not be a harmful or, even, a very dangerous one for India. For the existence of solidly organised, well-led, and well-manned communal parties in the different electorates would tend irresistibly to concentrate public interest in their doings and transfer the control over the action of the masses of both communities which is now exercised by innumerable self-styled leaders all over the country to the real leaders of the communities in the Legislatures, thus greatly weakening the spirit in which riots are bred and lessening the opportunities for outbreaks. In short the battlegrounds between the two communities would be shifted from the towns and villages to the Legislatures where their disputes could be carried on peacefully and with prospect of permanent advantage to both sides. For agreements made between such truly representative and authorised parties would have a validity which the various pacts and resolutions agreed to in the past could not possibly have. Only such parties as these will be able to solve the many formidable difficulties presented by such problems as that of communal electorates and other political and economical differences outstanding between the two communities. But all this depends on the uncompromising condition that the best men of both communities in the legislatures work for these great objects whole-

reinforcement for, the regular army, but in case of emergency, it would not be ready to take the field until the lapse of a considerable time after its embodiment. Nevertheless, membership naturally carries with it a liability for more than purely local service. The Indian Territorial Force thus differs in scope from the Auxiliary

The Auxiliary Force Force, which is so far confined to European British subjects. This body can only be called out for service locally, being intended primarily for those who can undertake military training only in their spare time, and are unable to afford the more lengthy periodical training which constitutes the obligation of the Indian Territorial Force. Political opinion in India, which is now supersensitive to any implication of racial discrimination, views with displeasure the difference between the two bodies. In 1924, the Legislative Assembly discussed a motion recommending the amalgamation of the two.

As a result of the debate, an amended motion was accepted by Government to the effect that a Committee should be appointed to

The Auxiliary and
Territorial Forces
Committee enquire into and report what steps should be taken to improve and expand the Territorial Force so as to constitute it an efficient second

line to the Regular Army, and to remove all racial distinction in the constitution of the non-regular military forces in India including the Auxiliary Force. This Committee, which was presided over by Sir John Shea, took evidence in November 1924, and the report embodying its recommendations was published on February 23rd, 1925. The Committee regarded the functions of University Training Corps as primarily educational and those of the Territorial Force as the means of imparting military and patriotic ideals in order to lay the foundations upon which the national Army could be built up. They, however, considered that the growth of national military spirit should not be forced by any application of compulsion, that the University Training Corps should not have any liability for military service, that the members of the Corps should be drawn from the staff and students of Universities and Colleges as at present, and that the cadre must be allowed to expand up to its natural limits without arbitrary limitation by the military authorities, provided the educational authorities can guarantee a fixed minimum of members, and arrange for suitable officers. Regarding the Territorial Force, the Committee suggested that its units should be organised in every respect on the same lines as those

was about 11 millions, this figure compares very well indeed with the average number of days lost during the preceding five years which was 74 millions. Practically all the strikes occurred in the Bombay and Bengal Presidencies each of which reported 57. As might be expected from this distribution, the industries chiefly affected were cotton and jute. There were 57 strikes in cotton mills and 33 in jute mills, and an examination of the statistics of these strikes shows that the latter industry was the more severely affected in spite of its fewer disputes. For in the strikes in the cotton mills 22,713 men were involved who lost 79,027 days' work, whilst in the jute mill strikes 129,951 men were involved and 7,69,022 days were lost. In both these industries the majority of strikes were caused by wages disputes, although in the Bombay cotton mills, strikes arising out of "personnel" disputes ran them very close. In the jute industry disagreements over leave and hours were responsible for nearly one-third of the total number of strikes. In less than one-fifth of all the strikes which occurred during 1926 were the workmen successful in gaining any concessions. The comparatively peaceful state of industry which was so marked a feature of 1926 has continued into 1927, for about 25 strikes, most of them very petty, were reported between January, 1st and April, 1st.

A striking and very satisfactory feature of all these disputes was their almost entire freedom from acts of violence and sabotage. The most serious outbreak of disorder occurred in connection with a strike on the Bengal-Nagpur Railway. Grievances formulated by the Bengal-Nagpur Railway Labour Union were at the time under discussion with the Agent of the Bengal-Nagpur Railway, but the immediate matter which precipitated the strike was a mistaken idea that an official of the Kharagpur Branch of the Union had been victimised by the Railway authorities. After a Union meeting on the night of 11th February a band of employees made a sudden attack on Kharagpur Station and stopped all traffic. The local armed police were called out at once but as it was clear that the Police could not deal with the situation alone the District Magistrate called out the local detachment of the Auxiliary Force. There was a great deal of stone throwing. The mob were very turbulent and had to be forcibly removed from the station premises. On one occasion the police were compelled to fire two rounds of buck shot wounding one rioter. The

suggestions made in this Report, but it is to be noted that on the whole the Indian press has received the proposals with favour. Disappointment is expressed in certain quarters that the Territorial and Auxiliary Forces have not been amalgamated into a single body but the Report is generally acknowledged to contain suggestions likely to place the Territorial Force in a satisfactory position, and to encourage military training among the educated classes.

In addition to these signs of awakening interest, on the part of the educated classes, in the strictly military aspects of the Defence

of India, there are not wanting indications

An Indian Navy that the importance of the corresponding naval problems is gradually being appreciated in the same quarter. The evidence given before the Mercantile Marine Committee—of which mention was made in last year's Statement—plainly shows that Indian political opinion favours the development, hand in hand with an Indian Mercantile Marine, of a Royal Indian Navy, in which the present Royal Indian Marine Service would ultimately be incorporated. The Committee definitely recommended that the Royal Indian Marine should be reorganised into an Indian Navy for the defence of India's coasts, harbours, and shipping and that a training ship on the lines of the "Worcester" or the "Conway" should be established at Bombay to train young Indians to become sea-officers. Opinion is so far divided as to whether Naval Cadets should be trained first at the Dehra Dun Military Academy and subsequently in the British Navy, or whether they should be educated in a special Navy class in the projected Bombay training ship. These, and other recommendations of the Mercantile Marine Committee are at present under the consideration of Government, and to judge from the eagerness displayed in the Legislature that they should be put into speedy operation, they command the emphatic approval of important sections of articulate Indian opinion.

Among the contributory causes to the zeal with which the Indianization of the Army is espoused by Indian political opinion

Cost of India's Defence must be reckoned considerations of economy. That India spends upon her military organization, including the Royal Indian Marine, a sum of between Rs. 50 crores and Rs. 60 crores out of a total net revenue, including that of the Central and Provincial Governments, amounting to Rs. 220 crores, is a factor upon which Indian opinion has for some

are the main form of wealth and the principal means of livelihood of the Indian peasant, perished, and the staple crop, the rice crop, was utterly destroyed over about 500 square miles. Fortunately no disaster of this sort has to be recorded here, but during the year every province in India suffered to a greater or lesser extent from floods. Bengal was one of the worst sufferers, and in Bengal, the Midnapore district in the south was the scene of the greatest havoc. About 500 square miles of the district was flooded, in some places to a depth of 7 feet. Roughly half a million people were affected and probably not less than 2,000 houses were destroyed. A number of persons were drowned whilst large numbers of cattle perished either in the water or by starvation. The Teesta River in the north of the province, after eroding its banks, suddenly changed its course, washed away a stretch of the Bengal-Dooars Railway and jeopardised the food supplies of a population of almost quarter of a million people. In the Central Provinces bridges and stretches of permanent way on the Great Indian Peninsula and on the Bengal-Nagpur Railways were destroyed. The Punjab, the Bombay Presidency, Sind, Bihar and Orissa, and the Madras Presidency, all suffered from the aberrations of their rivers, immense numbers of houses and other standing property being destroyed, fortunately with very little loss of life.

The railways remained free from any very serious accident until the last days of the year when in the night of 13th March 1927 the Calcutta Madras Mail was received on the wrong line at Bhadrak Station on the Bengal-Nagpur Railway and collided with a shunting engine and a train of wagons. Fifteen persons were killed and 69 injured, 26 seriously.

Although the monsoon generally was a good one it was not, of course, uniformly beneficial all over the country. When the widely varying natural and climatic conditions of this immense country are considered it will easily be understood that particular areas here and there may receive either less or more than their necessary share of the life-giving monsoon rains, and that their people may consequently suffer severely from the partial or entire failure of their crops while their more fortunate brethren elsewhere are rejoicing in bumper harvests. During the last few decades, the wide extension of irrigation of all kinds and the rapid growth of communications, particularly of railways, have lessened the menace and greatly mitigated the effects of monsoon

ought or ought not to be undertaken. They deny that the burden on the people of India is excessive, and point out that the average income per head of the Japanese is certainly nothing like 8 times that of the Indian people. The controversy, therefore, remains inconclusive, each side considering that the truth of its contention has been fully demonstrated. It is, however, only just to add that there is a full realization on the part of the military authorities of the heavy burden which the present figure of military expenditure imposed upon the finances of the country. During the whole period in which Lord Rawlinson occupied the post of the Commander-in-Chief, strenuous efforts have been made to effect economy. The reduction of the Army in India to the post-war limit has been completed to a point at which the military experts believe it incompatible with safety to make any further diminution in the fighting forces. But in other directions, economy is still being rigorously pursued. As we shall have occasion to notice, in reviewing the speech of the Finance Member upon the Budget of 1925-26, a reasonable fixity in the establishment charges of the army has now been attained. This figure is now actually below that recommended as the immediate objective by Lord Inchcape's Committee, a fact upon which both the military authorities and the Government of India may well congratulate themselves.

In view of the circumstances recounted in the foregoing pages, the dependence of India upon the British Empire for the essentials

India and the Empire	of her security requires little demonstration
Views of the Educated classes	From the standpoint of present international relations, it is clear that the Imperial connection is an indispensable condition both of India's safety and of her advance along the path leading to responsible government. Yet it is impossible to study contemporary expressions of political opinion in India without coming to the conclusion that these facts are but grudgingly admitted by the educated classes. Now in certain quarters, objection is taken from time to time to the importance which His Majesty's Government and the Government of India attach to the opinion of the Indian intelligentsia. But where the educated classes lead, the uneducated will follow, if not at once, at least in the long run. The influence of these classes over the masses was recently displayed beyond all possibility of cavil in the non-co-opera-

assembled at Simla in the middle of October and after taking some evidence there, spent the remainder of the cold weather in touring India to take further evidence and to investigate the circumstances of Indian rural life at first hand. The members of the commission left for England at the end of the cold weather but will resume their work in India in the cold weather of 1927-28. As an important preliminary to the enquiry by the Royal Commission on Agriculture, a conference of Ministers and Directors of Agriculture from the different provinces was held in Simla in June. Its proceedings were opened by His Excellency Lord Irwin in a speech of singular importance and significance in which he showed that world factors and the need for improving the lot of the Indian Agriculturalist made the present the right moment for the proposed enquiry. From the evidence already taken by the Royal Commission it is more than ever obvious that any permanent and appreciable improvement of the conditions of India's agriculture and the lot of her rural population is not going to be the work of a few years only, or of a single generation. But the necessary preliminaries of the work of amelioration have been begun and the presence of Lord Irwin and his life-long interest in agriculture and agriculturists, and his ministerial experience in England are good auguries for the success of the work.

Another Royal Commission whose work, though not primarily concerned with Agriculture will nevertheless have far-reaching effects on Indian agricultural welfare and prosperity, is the Royal Commission on Indian Currency which issued its report in August. The recommendations of the Currency Commission will be discussed at length in a later chapter. Here it is only necessary to refer to those which deal with the creation of a reserve bank for India. On page 292 of last year's report it was stated that the External Capital Committee of 1924, after considering the needs of agriculture, had held that the resources of the co-operative banks were inadequate and that the various facilities afforded by government to agriculture, either directly or indirectly, required a co-ordinated examination so that they might be woven into the fabric of a general banking system. The reserve bank of India proposed by the Currency Commission, when it comes into existence, ought to make possible a great development of co-operative and credit banks which alone can meet the real needs of the rural population of India. Thus, the reserve bank must be seen as something more

Recent developments in the Indian Nationalist movement have unquestionably been stimulated by the response which British statesmanship has made to the demands of

Britain's Response.

the intelligentsia In the sphere of internal development, the policy of the British administration was definitely laid down in 1917 as the progressive realization of responsible government of the kind enjoyed by the self-governing Dominions of the British Commonwealth Thus, the aims of the educated classes, as gradually evolved from the early days of the Indian National Congress, have received, as it were, the stamp of official approval. Further, in the external realm, the association of India with the British Dominions in successive Imperial Conferences, the signature of the Treaty of Versailles by representatives of the Indian Government, the participation by India in the League of Nations; and her representation upon the governing body of the International Labour Office, mark a complementary advance

These developments, despite their importance, have stimulated rather than appeased the aspirations of the educated classes

Impatience

The dominant factor in the mentality of educated India to-day is impatience The advance which is taking place appears far too slow to those who are unwilling to admit the existence of any practical obstacle to the immediate attainment of their aims Counsels of sentiment rather than of reason tend to prevail, and the contrast between the ultimate aim of the educated classes and the degree to which that aim has so far been realised, excites a discontent which now dominates the political life of the country The educated classes seriously believe that the continuance of the present administration stamps them with the stigma of inferiority, that it is incompatible with their newly developed self-respect Hence, while they do not deny the advantages which India derives from her connection with the British Commonwealth, the more impatient among them underestimate the value of these benefits, and hold them purchased too dearly They resent their helplessness in such matters as self-defence, and are determined, so soon as may be, to redress it For they now understand that until they are in a position to defend their country by their own unaided resources, their aspirations to Dominion status must necessarily lack the essential basis of *realpolitik* It is largely for this reason that there has been apparent, of recent years, that lively interest in defence problems of which we have already noticed certain manifestations

of the Colonies, Indian Nationalist opinion takes Great Britain herself to task for any grievances of which the immigrants may complain. An illustration of this distinction is provided by the matter of immigration. So far as the Dominions are concerned,

this matter is for the present settled. In the Immigration Problems Imperial War Conference of 1918, there was passed a Reciprocity Resolution which affirmed the right of each community of the Commonwealth to control, by immigration restrictions, the composition of its own population. Since such reciprocity was likely to bear more hardly upon India than upon other countries within the Empire, it was further recommended that facilities should be given to Indians for visit and temporary residence; that domiciled Indians should be permitted to bring in their wives and minor children, and that any civic and social disabilities to which Indians resident in the self-governing Dominions were subjected should be given early consideration. This position has been accepted by reasonable Indian opinion, which recognizes that if the Dominions desire to exclude Indian immigrants, it is within their right to do so, just as it would be within the right of India to exclude immigrants from the Dominions. But in the case of territories which have not yet attained Dominion status and are still under the direct control of the Colonial Office, Indian opinion is not prepared to accept the policy of exclusion. It claims those rights of immigration which are exercised by citizens of other parts of the Empire.

Apart from the question of immigration, there remains a further aspect of the treatment accorded to Indians already settled in other

parts of the Commonwealth by the Governments of those territories. The Adminis-

The Dominions and the
1921 Resolution

in 63 flying hours, and by this journey inaugurated the Egypt to Indian Air Service. The Hercules Aeroplane in which they travelled was one of the new air liners specially constructed for the Imperial Cairo to Karachi Airway. As Sir Samuel Hoare pointed out to press correspondents in Delhi, the journey from India to England should not take more than a week and when night flying was introduced the time could be reduced to five days. He looked forward to the time when a regular weekly air-service would be running between the two countries. Sir Samuel also pointed out that India, on account of her size and geographical position, ought to become a great centre of flying in the east, and he promised that the development of aviation in India by Indians would receive warm sympathy and hearty co-operation from England.

to discuss the steps which could be taken to reduce this scourge. It visited a number of important places including Bombay, Madras, Bangalore, Rangoon, Calcutta and Delhi, where the members conferred with the local authorities as well as with medical and public men. Members of the Delegation delivered public lectures and succeeded in arousing considerable public interest. Committees were formed to carry out the programme recommended by them. On the conclusion of the tour the delegates sent in their report outlining their suggestions for reducing the prevalence of venereal disease. These suggestions included free confidential treatment by a trained staff in hospitals, post-graduate training, and the appointment of a specialist in venereal diseases in each province. The delegation left India on the 14th March, 1927, after having met with much success in their task of rousing the Government and the public to the seriousness of the prevalence of venereal disease in India, and the necessity for tackling immediately the problem presented by it.

The Textile Delegation, under the leadership of the Right Honourable Thomas Shaw, M. P., reached Bombay by the same boat as the Social Hygiene Delegation. The Delegation came for the purpose of enquiry into the state of the textile industry in India, and in particular into the conditions of life of Indian textile workers. Mr. Shaw and his colleagues spent over two months in visiting the most important centres of the textile industry in this country.

From the point of view of Imperial politics and Empire solidarity the year has been an important one for India. Apart from the meeting of the Imperial Conference, which in itself invests the year with high importance, there have been delegations to and from India and South Africa, whilst representatives of India have visited Australia and Canada. The settlement which was reached during the year in connection with the vexed question of the status of Indian nationals in South Africa falls for discussion in a later chapter, but it is tempting to believe that the agreement is one happy result of an improvement in the state of feeling between the two countries to which these friendly visits directly contributed.

In April 1926 the Paddison Deputation, which was mentioned in last year's report, was still in South Africa, where its work

due course and with Arab representation immediately. It would further permit of a wide franchise for Indians. In deference to Indian opinion, the policy of segregation as between Europeans and Asiatics in townships was abandoned. On the other hand, the reservation of the Highlands for Europeans was to be maintained. On the vital question of immigration, it was laid down that legislation discriminating against Indian entry into Kenya could not be countenanced, but this statement of principle was qualified by the suggestion that some further control to protect the economic

framed on the lines of restricting immigration should not be enacted, though he reserved to himself the right to enact any measure at any time, should native interests appear to be threatened by the influx of immigrants from abroad. The menace of further restrictions upon the immigration of Indians has accordingly been removed, at least for the moment. As regards Indian colonization, Mr. Thomas announced that it was proposed to set apart an area in the low lands for agricultural immigrants from India, but before

many Canadians had been a land of mystery and romance and adventure had become more real in the pictures which the Diwan had given of its resources and its people, and its place in the Empire had become better understood and appreciated by reason of the clear and eloquent manner in which the Diwan had interpreted it. During his visit Sir T Vijayaraghavachariar addressed 33 crowded public meetings and from all over the vast Dominion he was charged with messages of goodwill and regard for India.

An important event of the year was the meeting of the Imperial Conference in London. The proceedings of the Conference opened on the 19th October and were continued until the 23rd November 1926. The Indian delegation consisted of Lord Birkenhead, Secretary of State for India, the Maharaja of Burdwan and Mr. (now Sir David) Chadwick, then Secretary to the Government of India, Commerce Department. A wide variety of matters of economic concern came under discussion at the Conference, such as Overseas settlement, Inter-Imperial trade including the work of the Imperial Economic Committee and the Empire Marketing Board, Communications, Research, Industrial standardization, Exhibition within the Empire of Empire films and liabilities of State enterprises to taxation. The Maharajahdhiraj, as a distinguished Indian nobleman, and with the added prestige of an *ex-Member* of the Bengal Executive Council, made a valuable "Second-in-Command" to the Secretary of State and his efforts and co-operation were acknowledged by the Earl of Birkenhead, who found in him "a man of affairs and experience, with profound patriotism and with appreciation of the Commonwealth of Nations, as we have examined it in the last few weeks." Not less important was the presence on the Delegation of Sir David Chadwick who made a highly valuable contribution to the debate on Imperial Economic affairs in the course of which he referred to the various Indian irrigation schemes, to the new Docks in Calcutta, and to Railway development as holding out to Great Britain prospects of increasing and improving markets.

The most important occurrence in internal politics in India were the elections for the third Legislative Assembly and Provincial Legislative Councils which were held in November. The elections, however, require some discussion and will be more fittingly dealt with in the next chapter in which the broad develop-



THE PRESIDENTS' CONFERENCE, SIMLA—1926

Sitting—The Hon Mr J M Kale (President C P Legislative Council), The Hon Rai Bahadur Lalla Sita Ram (President U P Legislative Council), The Hon K B Khuwaja Mohammad Noor (President, Bihar and Orissa Legislative Council), The Hon Mr V J Patel (President, Legislative Assembly), The Hon Kumar Sahib Shikhareswar Roy (President, Bengal Legislative Council), The Hon Maulvi Abdul Hamid (President, Assam Legislative Council), The Hon Mr J A Samuel, Esq (Secretary, Presidents' Conference), Dr A Satharwardy, (Deputy President, Bengal Legislative Council), J A Samuel, Esq (Secretary, Bengal Legislative Council)

Standing—Babu Gopendra Lal Das Chaudhri (Deputy President, Assam Council), A. de C. William, Esq, I C S (Secretary, Bengal Legislative Council)

ceived attention from the Legislature. In March, 1923, a draft notification allowing the emigration of unskilled labour to Mauritius for one year, on conditions approved by both Houses of Indian Legislature, was discussed in the Assembly. The suggestion was made that before fresh emigration was permitted, the Government of India should depute an officer to enquire locally into the effect which the introduction of a fresh supply of labour from India might exercise on the state of employment and the level of wages among the Indian community in Mauritius, and of the ultimate prospects of fresh emigrants securing suitable permanent employment. In April last, the Government of Mauritius requested that emigration to the Colony might be continued for a further period of one year; but the Government of India, in consultation with the Standing Committee on Emigration decided that consideration of the request should await the results of a local investigation. The Government of Mauritius agreed to receive an officer for the purpose and to give him all facilities, and in December, 1924, an Indian Officer of Government, Kunwaj Maharaj Singh, left India to conduct the necessary enquiry.

It will be plain from this summary that the treatment accorded to Indian nationals in other parts of the British Empire is at present

**General Importance of
Overseas Question.**

a very living issue in the eyes of educated Indian opinion. It is a matter upon which Indian intellectuals, without regard to political divisions or party aims, stands united. Anything which is regarded as an aspersion upon India's dignity is bitterly resented, and exercises a marked influence upon the course of domestic politics. The future as well as the immediate implications of the whole question are formidable. The course of relations not merely between India and the rest of the Empire, but between Asia and Europe, may well depend upon the ability of British statesmanship to convince the educated classes of India that there is room for them within the Commonwealth to rise to the full height of their aspirations, and to attain the privileges and the responsibilities which the self-governing Dominions enjoy.

before the introduction of the Montagu-Chelmsford Reforms Successive defections have left the Indian National Congress in the hands of a group representing one particular shade of political opinion most of whom are Hindus Again there was nothing this year to give to the Congress any adventitious importance such as had been given to it the previous year by the quarrel between the Swaraj Party and its recalcitrant wing, the Responsive Co-operators Readers of last year's report will remember that the leaders of the Swarajists and the Responsive Co-operators, after a period of bitter public controversy had agreed to a truce until the meeting of the Indian National Congress in December 1926 when fresh attempts would be made to reach an agreement between the disputants This year, however, the Responsivists and certain other groups, of allied political ideals, decided that as there appeared to be no prospect of reconciling the differences between themselves and the Congress Party with the help of the Indian National Congress, they would not attend the Session and the only important Non-Swarajist present at the meeting was Pandit Madan Mohan Malaviya Lastly, the coincidence of the elections with the preparations for the Congress Session emphasised, as nothing else could have done, the truth that Indian political life now centres in the Legislatures set up under the 1919 Act, and that Indian political aspirations now look to them for their realisation

The proceedings of the National Congress may be dismissed for the present with a few words since they will be further discussed later The President this year was Mr Srinivasa Aiyanger, a gentleman wellknown in Madras, who at one time held office under the Madras Government As usual the presidential speech was the most important part of the proceedings of the Congress since it was a general statement of the policy of the political party represented in the Congress

Briefly, the presidential speech this year approved of the policy of the Swarajist party and announced the latter's determination to continue in that policy It stated definitely that the Swarajist party would oppose the formation of ministries in the provinces until the All-India Congress Committee, which is in effect the executive committee of the Swarajist party, was satisfied with the response made by the Government to the party's demands for constitutional reforms satisfactory to Indian national opinion The main resolution passed by the Congress at this meeting defined

DIAGRAM No. 1.

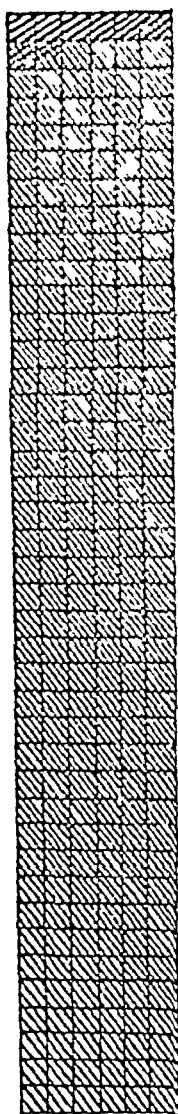
The Voters of British India.

7 4 Millions

Enfranchised
(Shaded deep)

239 6 Millions

Unenfranchised
(Shaded light)



N B Each square represents 1,000,000 of population.

from the Central to the Local authorities has thus been provided. But the most characteristic feature of the reformed constitution does not lie merely in its continuation and confirmation of the previously existing tendencies towards decentralization. The professed object of the Montagu-Chelmsford Reforms was to introduce into the administrative system an element, previously lacking, of popular control. Heretofore, while the authorities in

charge of governmental activity had endeavoured by means of councils, Central and

A New Element.

Provincial, to ascertain the desires of the educated classes, to explain to these classes the official policy, and to enlist their co-operation and support in its execution, there had been no question of any element of responsibility to the governed. India was administered by a bureaucracy, which was responsible, through the Secretary of State, to the British Parliament and to the British people. It had no responsibility towards the people of India. But the new policy announced by His Majesty's Government in the House of Commons on August the 20th, 1917 made it necessary to provide for an element entirely novel, namely, the responsibility of the governmental authorities to the people of India. The problem was complicated first by the necessity of providing some reasonable continuity in the administration of a population so numerous, the great majority of which had little knowledge of, and less interest in, political development, and secondly by the inexperience even of those selected portions of the people upon whom the new responsibility must be placed. In order to combine stability with progress, it was decided, while leaving the Government of India essentially in its old position, to divide the functions of the administration in the provinces into two halves, one still amenable to the British Parliament, the other

"Dyarchy"

amenable to an authority now for the first time called into being, the Indian Electo-

rate. The first half of the executive government of the Provinces is thus constituted by the Governor working with Executive Councillors nominated by the Crown, the second is constituted by the Governor working with Ministers whom he selects from persons who are or who must become within six months elected members of the Provincial legislature. To correspond with this division in the executive, the subjects of provincial administration have been divided into two parts, named for convenience "reserved"

Muslim League was taking place in Delhi. The delegates of the League were concerned almost entirely with matters peculiar to their own community and with the means to be adopted to prosper the interests of Muhammadans in India. At one point their discussion touched the general politics of the country when the question of joint or separate communal electorates was discussed. As we have already seen the delegates preferred the system of separate communal electorates and they showed, moreover, that they wanted greater representation both in the legislatures and in Public Services.

The last meeting to be noticed here is the annual meeting of the Indian Liberal Federation which also took place at the end of December. The President of the Liberal Federation this year was Sir Sivaswami Aiyer, one of the oldest and most respected of Indian Political leaders. His speech for the most part kept close to the realities of present conditions in India. He asked for the rapid Indianisation of the different Government services and in particular for the free admission of Indians to all branches of military service. He was on firm ground when he said "that the most effective argument which India could use with the British Parliament was the production of proof that the present constitution had been used to the utmost possible extent by Indian politicians of all shades of opinion. This would be a convincing argument that India was ready for further advance to responsible self-government."

For the women of India in particular the beginning of the year 1927 witnessed an event of great significance and rich promise for the future. Among the members nominated by His Excellency the Governor of Madras to the Madras Legislative Council was a Lady, Doctor Muthalakshmi Ammal, a well-known and successful medical practitioner, deservedly and widely respected as a devoted social worker, and one, moreover, whose knowledge and experience have been strengthened by travel and study abroad. Dr Muthalakshmi Ammal is the first Indian Lady to sit in an Indian legislature, and the Madras Legislative Council very wisely marked their appreciation of this important fact, and of the public services of the lady who had this honour, by electing her to the very responsible post of Deputy President of their Council.

About three weeks after the conclusion of the abovementioned meetings, an event occurred which it is to be hoped will ~~be~~

On the other hand, serious difficulties were experienced. Some of these were accidental, arising out of the circumstances attending the introduction of the Reforms.

Difficulties of the Provincial Constitution.

Others were more fundamental, inevitable accompaniments of the transitional nature of the scheme itself. The Montagu-Chelmsford reforms were introduced at a time of quite exceptional difficulty. They started with an initial handicap of a serious nature. The expectations of the educated classes in India had been roused to a very high pitch, first, by the declaration of the war aims of the Allies, and secondly by outspoken expressions of gratitude on the part of many English public men for the share which India had borne in the successful conduct of the war. We are not concerned here to estimate how far the hopes entertained by the politically-minded

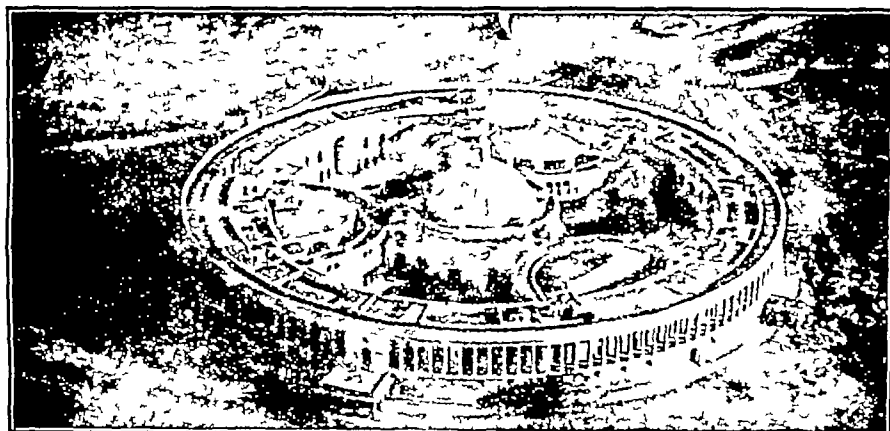
Circumstances of its Introduction

classes in India were extravagant. It is sufficient to notice that they were lively and genuine. They encountered a severe

shock from the limitations upon popular control which characterised the Montagu-Chelmsford reforms, and the resulting disappointment operated to prevent the opportunities provided by the new constitution being assessed at their true valuation. There was thus produced in the minds of the educated classes an acute dissatisfaction which would of itself have exercised a seriously adverse influence upon the spirit in which the new constitution was worked, but was further complicated by two additional factors of great importance. At the time when the reforms were introduced, India, like other countries, was suffering from the aftermath of the war. Prices were high, economic dislocation was acute, the middle and the lower classes alike were suffering severely. Discomfort induced restlessness, and the relations between Government and the people assumed an unprecedented acerbity. Worse still, the political atmosphere became highly electric. The tragedies accompanying the suppression of the Punjab outbreak in 1919 aroused the bitter resentment of the educated classes all over India. To this feeling there was shortly added the great emotional upheaval on the part of the Muhammadan community caused by the suspicion that the Christian Powers were combining to depress the forces of Islam. From general economic suffering and acute political agitation was born the formidable movement known as Non-Co-operation. With the



His Excellency Lord Irwin opens the Council House.



A View of the New Delhi Council Chamber from the Air



New Delhi from the Air

representatives inevitably arose in the early days of the Reforms. At the same time, it was just over these subjects that the Councils,

The Reserved Subjects while possessing considerable financial influence, had no ultimate control. Now, the fact that the Ministers had no direct connection with the reserved subjects, though the essence of the dyarchical constitution, very largely escaped the notice of their critics in the Councils. The Ministers were part of the Governmental machine, as such, they shared in any unpopularity which was incurred by the policy pursued on the reserved side. The critical attitude manifested by the elected majority in the Provincial Councils towards the reserved subjects, where there was no responsibility, tended seriously to modify their point of view regarding the transferred subjects. The Ministerial half of the Provincial executives in the majority of provinces found themselves unable to rely upon the support

Shortcomings of Party System of any clear-cut party. Indeed, save in the exceptional circumstances of Madras and the Punjab, where strong communal ties united

the majority-section of the Councils, and thus afforded a substitute for party creeds, no party system in the accepted sense of the term could grow up, since the elected members of the legislatures scarcely differed from one another on the main principles of their political outlook or their political ambitions. In consequence, with the two exceptions noticed, the Provincial Councils worked as a rule rather against than through the Ministers, ignoring the fact that they had it in their power completely to control the important departments of Government on the transferred side. Hence, in the majority of Provinces there has been a noticeable tendency for the Ministers to work in far closer relationship with their executive colleagues than with the councils to which they are in theory responsible. They have been driven to look upon the official nominated members as the nucleus of their voting strength; and the fact that the popular half of a Provincial Government is constitutionally quite different from the official half, has in consequence been considerably obscured. These tendencies have been aggravated, after the elections of 1923, by the presence, in each council, of a compact Swarajist bloc, whose professed aim it was to discredit the reforms and to obstruct the executive in the maximum degree possible. Their presence added much to the troubles of the Ministers, since they would neither take office themselves

appropriate ceremony with which to inaugurate the new centre of the Government of India. But this is not all. If the war was the parent of great movements in the political thought of men, it taught us in clear language how intimately the ties which unite India with her sister nations of the Empire depend upon the fact that they are woven round the common centre of allegiance to the Crown. Only through that allegiance to its head, does each member of the Imperial body preserve its individual nationhood, and simultaneously achieve firm and enduring unity with its fellows. It was thus a noble conception of the architect to give form to this idea by housing within one circle the three bodies, the Chamber of Princes, the Council of State, and the Legislative Assembly, signifying thereby the unity not of British India only, but of all India under the Imperial Crown.

But the circle stands for something more than unity. From the earliest times it has been also an emblem of permanence, and the poet has seen in the ring of light a true symbol of eternity. May therefore we and those who follow us witness, so far as we may, the fruition of these twin conceptions. As our eyes or thoughts rest upon this place, let us pray that this Council House may endure through the centuries, down which time travels towards eternity, and that, through all the differences of passing days, men of every race and class and creed may here unite in a single high resolve to guide India to fashion her future well."

After this His Excellency advanced to the door of the building, where the architect Sir Herbert Baker handed him a golden key with which he opened the door, and it is to be hoped, a new era in the life of India.

the constitution confers upon the Head of the executive a positive as well as a negative power of overriding the legislature. But this power, however inevitable during the present transitional stage, tends when exercised to exacerbate relations between the legislature and the executive, and to weaken whatever sense of responsibility the considerable influence possessed by the legislature might be expected to foster. Despite the dictum of the Joint Committee that these overriding powers were intended to be real, their use, infrequent as it has been, has always aroused both disappointment and resentment among the elected Indian members of the legislature. In the first Assembly the relations between the executive and the legislature remained on the whole cordial. The European elected members co-operated whole-heartedly in the working of the constitution and were frequently successful in aiding to bridge the gulf between official and non-official stand-points. Such steps as the repeal of many laws considered by Indian opinion to be repressive of political activities, the practical abolition of racial discrimination in criminal trials, the systematic commencement of the Indianisation of the Indian Army, the enunciation of the new policies both in regard to railway administration and tariff control, all these and many other instances might be quoted to show the amenability of the executive to popular pressure. At the same time, the situation has been undeniably difficult. A bureaucratic Government responsible only to the Secretary of State and to Parliament has found itself faced with an overwhelming majority of elected members, responsible to an Indian electorate, and expressing in an advanced degree the constitutional aspirations which now distinguish the educated classes. These members can exercise an influence, particularly in legislative and financial matters, which is sufficiently extensive to embarrass, though not to control, the administration, but they have no responsibility at all for ensuring that the business of Government is carried on. Many members of the Assembly and of the Council of State, have unquestionably acquired valuable experience in Parliamentary procedure, and a working acquaintance with the practical problems of administration. This is nearly all that was expected from the present constitution. But the strain imposed upon the relations between the irremovable executive and the influential, but legally irresponsible legislature has been, not unnaturally, somewhat severe. There is an inevitable tendency

DIAGRAM.

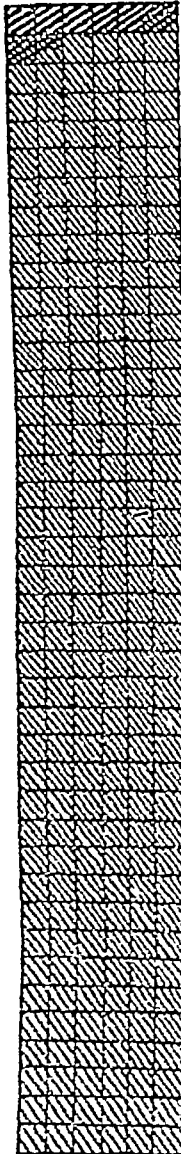
The Voters of British India.

74 Millions

Enfranchised
(Shaded deep)

239 6 Millions

Unenfranchised
(Shaded light)



of votes in the legislature, they took the first opportunity of bringing dyarchy to an end by reducing Ministerial salaries to a nominal figure. They obstructed Government measures, they withheld supplies so far as possible, and drove the Head of the executive to employ his discretionary powers in order to secure the mere continuance of essential administrative activities. They were powerless to bring Government to a standstill, but they seriously obstructed the activities of the "transferred" departments. In these circumstances, even before the full consequences of Swarajist obstruction in Bengal and the Central Provinces became apparent, the demand, common to all shades of opinion among the educated classes, that the constitution should be revised, received an additional stimulus. The Government of India were prepared to agree that there was a case for enquiry into the working of the constitution. The Secretary of State, at that time Lord Olivier, assented. The question was again mooted in the Central Legislature. Early in 1924, a resolution was moved in the Legislative Assembly recommending an early revision of the Government of India Act with a view to secure for India full self-governing dominion status within the British Empire, together with responsible government within the provinces. An amendment to this resolution was tabled by the Leader of the Swaraj party in the Assembly, suggesting the summoning of a round-table conference to recommend a draft constitution for India. The Swarajist speakers made it clear that they objected to the existing constitution, not merely because it was in their eyes halting and imperfect, but because they did not admit the assumption, explicit in the preamble of the Government of India Act, that the British Parliament ought to be the judge of the time and measure of India's constitutional advance. The amended resolution

**Government's
Response**

was adopted by the Assembly in February, 1924, by an overwhelming majority. In the course of the debate, the then Home

Member, Sir Malcolm Hailey, indicated the readiness of Government to institute an enquiry into the working of the reformed constitution, but made it plain that there could be no such eradication of the existing structure as advanced Indian opinion demanded. He stated that if an enquiry into the defects of the working of the Act should reveal the feasibility, desirability and possibility of any advance within the boundaries of the exist-

India become a federation like Australia, a quasi-federation like the Union of South Africa or shall she remain, as at present, under a definitely unitary government which for administrative and political reasons has delegated some functions and powers to certain constituent units, namely the provinces. The existence of such fundamental problems as these, indicating as they do the wide scope for change and development in the constitution of India, adds greatly to the interest of Indian politics but also makes the task of describing them one of much difficulty. For, although the legislatures, particularly the two chambers of the national legislature—the Legislative Assembly and the Council of State—are rightly regarded as the centre of Indian political life, they do not embody political forces and movements in this country as completely as, for example, Parliament and Congress do in England and America.

It should not be forgotten that present-day India is a nation-state in the making, and that many powerful forces, among which the existing system of government is only one, although a very powerful one, are at work on the process of manufacture. For some generations past, British rule has exercised in India a strongly centralising and unifying influence which is now embodied and made visible in the several legislatures set up under the present constitution. The Government of India Act of 1919 and the rules made under its authority are something far more than a mere code of rules for administration. They are, or at any rate are capable of becoming, the tap-root of a great growth of constitutional practice and privilege, suited to the needs and circumstances, and expressing the character of the Indian peoples. The Act of 1919 is one of a distinguished brotherhood—the statutes of the British Parliament on which the existing governments of the overseas Dominions are based—and because it belongs to such a brotherhood, it is an intensely practical document. It confers on the people of India certain powers and gives them certain opportunities, and, above all, brings into existence conditions under which they can themselves work out and secure the pattern of Government which they want. When critics of the Act complain that it does not confer responsible self-government on India, the answer is that responsible self-government has never been specifically introduced into any British Dominion by any statute of Parliament. Its introduction has been due to constitutional

group adopted the position that the scope of their terms of reference prevented them from recommending any remedies inconsistent with the structure, policy and purpose of the Act. The minority, consisting of Sir Tej Bahadur Sapru, Sir Sivaswami Iyer, Mr Jinnah and Dr Paranjpye held that this restriction did not preclude them from stating, if they so concluded, that remedies within the four corners of the Act would not lead to substantial advance. The majority held that the existing constitution was working in most provinces, and was giving a valuable training in Parliamentary Government to the electorate, to the Legislature and to the Ministers. They considered that the period during which it had been in force was too short to enable them to form a well-founded opinion as to its success, but that on the evidence submitted to them, they were far from being convinced of its failure. If, recently, in some of the provinces it had not achieved the expected measure of success, they considered that the explanation lies in the fact that it was not worked on the lines and in the spirit which was intended. They concluded that except by some form of dualism, such as that so bitterly criticised by educated Indian opinion, it would not have been possible to afford an equally valuable training towards responsible Government, while at the same time preserving the conditions essential to stability and ordered progress. On the other hand, the minority found that the dyarchical constitution had not only failed, but was incapable of yielding better results in the future. They believed that it had been given a fair trial, and that no minor remedies short of a fundamental remodelling of the Act, would produce any substantial results. They envisaged the only solution of existing difficulties in the suggestion that the constitution should be forthwith put on a permanent as opposed to a transitional basis.

The whole Committee agreed on discovering a number of specific allegations which have been made against the present constitution and the manner in which it has been worked. They dealt with these *seriatim*, and suggested remedies for their removal.

- Allegations against the working of the Reforms

They noticed first the failure to encourage joint deliberation between the reserved and the transferred sides of the provincial Governments. From the evidence submitted to them, the majority

Joint Deliberations not encouraged

discontents may be, and can be, made to be nothing more than the growing pains of the Indian nation. But the Hindus and Mohammadans are not the only communities in India which experience a sense of separate communal unity and desire to safeguard or extend their peculiar interests. In certain parts of India, notably in the Madras Presidency, inside the Hindu fold itself, there is a distinct cleavage between Brahmins and non-Brahmins, the latter alleging that the former carry their religious spiritual supremacy over into more mundane affairs. In Madras the chief interest in post-Reforms politics has centred in the struggle between the Brahmins and the non-Brahmins, which has also laid down the main lines for such party grouping as has taken place in that presidency. Yet again, over against both Brahmin and non-Brahmin Hindus stand the so-called depressed classes, a vast multitude estimated at about 60 million souls, who have hitherto been denied some of the most elementary social rights by their Hindu fellow citizens or masters. The struggle of the untouchables against their lot is only now beginning, but it is bound to be an increasingly important factor in Indian politics from year to year. Thus, Indian politics have their roots deep in the soil of religious, social, and even racial distinctions, and if they appear to the casual observer to resemble an unusually varied kaleidoscope the reason is that they are moved by such a bewildering complexity of forces.

Indian provincial politics, again, represent another strong force working to mould the Indian constitution. The size of India and the diversity of her conditions, physical, racial, and cultural, are alone sufficient to inform even the most casual observer that her people and their life and problems must differ from province to province. The problems and interests of the Punjab are not those of Madras, and even adjoining provinces can give examples of how differences in social, economic, and other conditions are governing politics. Each province has under the reforms become an individual political unit with its own particular policy and its own particular divisions of opinion. As far as the Punjab, for example, is concerned, there is reason to believe that when the time becomes ripe for the formation of true political parties, these will be divided into the champions of rural and urban interests respectively. Elsewhere the main distinction will probably be between capital and labour, landlords and tenants, and so on.

Regarding the fourth charge, namely the alleged failure on the part of permanent officials to co-operate with the Ministers, both the majority and the minority sections of the Committee agreed that the members of the Services have in general loyally co-operated with the Ministers in working the Reforms. The minority, however, maintained the present system of recruitment and control of the Services to be fundamentally incompatible with the situation created by the Reforms, and stated that the Services themselves could never enjoy immunity from hostile criticism until they were recognised as mere instruments for the execution of the policy of a Government responsible to the people.

Among other complaints brought to the notice of the Committee may be mentioned the vesting of the control of the Finance Department in a Member of the reserved side of the Government, and the failure of the constitution to give real authority to the Ministers owing to the control of the Governor and the Secretary of State. So far as the former of these two objections is concerned, the majority section of the Committee suggested that the Ministers should be allowed the services of a Financial Adviser to assist them in the preparation of their proposals for expenditure, that the powers of Member or Minister to sanction re-appropriations should be extended, that the Member of the Executive Council in charge of the Finance Department should not be in charge of any of the main spending departments, and that the Meston Settlement, which has had the effect of handicapping the Ministers in the development of their departments, should be revised as soon as a favourable opportunity occurs. The minority of the Committee believed that the difficulties to which the Ministers have been exposed in dealing with the Finance Department represented an inevitable feature of the present constitution, and that the only cure lay in replacing the dyarchical system by unitary and responsible Government in each province. Regarding the alleged failure of the constitution to vest real authority in the Ministers, the majority held that the complaint is unfounded. It is provided in the Act that in the administration of transferred subjects, the Governor should be guided by the advice of his Ministers unless he sees sufficient cause to dissent.

institution in all India capable of representing all classes and communities, and, ultimately, of embracing and reconciling all interests. If any certain conclusion can be drawn from the political experience of India during the past six years, it is that the legislatures set up by the 1919 Act, and particularly the Central Legislature, have established their prestige over the various political and quasi-political organisations which once contested with them for popular attention and esteem. The All-India National Congress lives now on its old reputation, won before the present legislatures were ever thought of, and its prestige and influence wane as those of the legislatures wax. The Legislative Assembly, and, to an almost equal degree each provincial council, mirrors the prevailing political conditions of the country and shows sufficiently faithfully the broad trend of Indian politics. The results of the elections which were held during November 1926 illustrate this point clearly enough. Readers of last year's report will remember the description there given of the division of the hitherto solidly united Swaraj party into two separate wings—"The No-changers," and the "Responsive Co-operators," and the reasons for believing that the latter, in abandoning the more extreme doctrines of the Swaraj party, were acting in harmony with the opinions of the majority of their fellow countrymen. These different phases of opinion were reflected with sufficient accuracy in the elections to the Legislative Assembly. Excepting the Madras Presidency, where they almost entirely swept the board, the Swarajist party definitely lost ground, and in one or two parts of India, notably in the Bombay Presidency, candidates either openly calling themselves Responsive Co-operators or holding their opinions, scored successes at the expense of the Swarajists. The Swarajist successes in the Madras Presidency were very largely due to conditions peculiar to that province, and represented in part, at any rate, a revulsion from the ascendancy of the non-Brahmin party in Madras politics. The non-Brahmins had taken enthusiastically to politics after the inauguration of the Reforms, had organised themselves into a compact party and had managed to make themselves the dominant factor in the Legislative Council and in the ministry. But, like their fellows elsewhere, the Madras electors, after six years of one political party, decided that they would like a change, and this natural desire was used with much skill by the Swarajists to secure the return of their

of the existing electorate another formidable difficulty, and while **Inexperienced Electorates** they did not consider that all constitutional advance in India should wait until the electorate has been educated up to the standard of the electorates in Western countries, they maintained that there had not hitherto been sufficient practice in the exercise of responsibility to justify any general lowering of the franchise. Here again, the minority took a different view. They believed that the average Indian voter both rural and urban is already possessed of sufficient intelligence to understand issues directly affecting his local interests, and is capable of exercising a proper choice of representatives. They recommended that the franchise in every province should be carefully examined and that it should be lowered, wherever possible, so as to secure the enfranchisement of a substantially larger number of people. A fourth difficulty was discovered by the majority **Communal Differences** to lie in the existence of communal differences. They held that the present tendency to prefer sectional interests to the interests of India must inevitably retard the growth of self-government. They considered it impossible at the present time to avoid communal representation, but expressed the hope that the leaders of all communities would, by continued efforts to develop unity in place of discord, prove that the acuteness of the existing communal tension is but a temporary phase. The minority section, while not ignoring the implication of the dissensions and disturbances which have been so marked a feature of recent years, pointed out that in relation to the size of the country and its enormous population, the importance of these dissensions may easily be exaggerated. They believed that if adequate safeguards were given to the Muhammadan community, there would be no opposition to political advance from that quarter. They further affirmed that mere postponement of the solution of questions connected with constitutional advance is unlikely of itself to lead to the solution of the communal question, and may even make the task more difficult in the future.

Finally, the Majority section of the Committee proceeded to a number of detailed recommendations which they held would **Recommendations** facilitate the working of the present constitution. The minority, as has already been indicated, expressed little faith in the efficacy of any such minor

of Northern India communal feeling played an important part in deciding the elections. The same feeling was at work influencing the groupings of members after the first meeting of the Legislative Assembly in January. The Assembly met with only one party, the Swarajist, or as its members now prefer to call it, the Congress Party, and one small group, the non-official European group, definitely in existence. After a few days of hesitation, however, nearly all the Hindu elected members of the Assembly who did not belong to the Swaraj party formed themselves into a "Nationalist" party under the leadership of Pandit Madan Mohan Malaviya, Mr Jayakar and Lala Lajpat Rai. The old Independent party which, under the leadership of Mr Jinnah, had played such an important part in the previous Assembly, practically disappeared. Two Hindu members and a few Mohammadans sat on the benches behind Mr Jinnah but their party organisation and discipline remained defective throughout the Delhi Session. The majority of Mohammadan members sat aloof in an un-organised group. It will be seen therefore that both the composition and the grouping of the Legislative Assembly illustrate faithfully enough the effects of two of the strongest forces at work in Indian politics at the time of the elections, that is, the movement away from extra-constitutional and towards constitutional methods of agitation for further reforms in the system of Government in India, and also the communal antagonism which at present cuts across all other lines of political division.

The testimony of the provincial Legislative Councils is equally striking. Last year's report described how dyarchy had ceased to function in Bengal and the Central Provinces because their legislative councils refused to grant the ministers' salaries. After the November elections, dyarchy was restored in the two above mentioned provinces, and ministers have been appointed and kept in office everywhere else, even in the Madras Council where the Swarajist Congress party has the deciding voice. The figures of the voting for the restoration of dyarchy in Bengal and the Central Provinces deserve to be quoted for they are very significant. In Bengal the demand for the ministers' salaries was passed by 94 votes to 38 and in the Central Provinces by 55 to 16. It will be seen therefore that the provincial legislatures also express the opinion prevailing among the people whom they represent.

the Public Services should be manned by their own countrymen, that the rate of Indian recruitment fixed for every cadre should rapidly raised. This demand was shortly reinforced by the contention that the whole function of the administrative services in India should be assimilated to that discharged by the permanent officials in countries which enjoy self-government, in other words, that administrative cadres should become merely the trusted advisers and capable agents of Indian politicians, who themselves would determine the broad lines of national policy, would control the Services, and would lay down the conditions of recruitment and the scales of pay. The increasing influence exercised by the idea of educated India in these, as in other, directions, caused a certain disquietude. The relations between the political classes and the Services were markedly worsened. In the minds of the European officials, the uncertainty of the political future of India, combined with the attacks upon them in the press and upon the platform, and

Difficulties of the Services. their steadily deteriorating financial condition, produced feelings of anxiety and discontent. The disturbed political atmosphere of the years immediately subsequent to the introduction of the Reformed constitution acted as a grave discouragement to men who were anxious to give the best to the country of their adoption. Partly owing to these circumstances and partly owing to the conditions which obtained in England, the flow of recruits for the Indian Services declined seriously as to threaten cessation. From the point of view of Indian political opinion, on the other hand, the self-government granted the transferred field seemed incomplete, because the members of the All-India Services engaged therein were still under the ultimate control of the Secretary of State. There was, therefore, no disposition to refrain from pressing demands for a more speedy Indianisation as well as for a radical alteration in the functions of the administrative Services. The up-shot was that within four years of the passing of the Government of India Act, both the Secretary of State and the Government of India were obliged to reconsider the whole question of the Services.

At the end of May, 1922, the Government of India consulted the local Governments in a letter which has become famous as the **Anxiety of Government** "O'Donnell Circular," in which the arguments for and against a drastic reduction of complete cessation of European recruitment were clearly summarised.

tution, has had something to do with it. For it is very difficult to avoid the belief that the present state of communal relations has forced upon the attention of all thoughtful persons in India the need for some improvement in this vitally important matter before changes in the direction of greater autonomy are possible or, even, desirable. Later, when we come to the account of the Delhi Session of 1927, we shall consider specific examples of the way in which the communal question affects the great constitutional problem of India's progress towards responsible self-government.

One political event of the year, however, calls for special mention because it is one of the clearest proofs so far given of the growth of the reformed legislatures in popular esteem and prestige. The event referred to was the return of the Swaraj party to the Legislative Assembly during the autumn session of 1926 in Simla.

It will be remembered that on March 8th, 1926, the whole of the Swaraj party walked out of the Legislative Assembly after their leader, Pandit Motilal Nehru, had made a short speech in which he claimed that the Swarajists had co-operated with the Government of India and had helped to work the reforms for two and a half years and in return had received nothing but humiliation. This demonstration by the Swarajists raised but slight enthusiasm in the country, and within a very few weeks it became obvious that the bulk of public and newspaper opinion would welcome their return to the Legislatures. The two chambers of the Central Legislature were not to meet again until August the 17th but the next sessions of one or two provincial councils were due to begin earlier than this date, and when these met, their Swarajist members took their seats without any further ado. The decision of Pandit Motilal Nehru and his followers in the Legislative Assembly, however, was in doubt up to the last moment. Some of the Swarajist members of the Council of State were present at the inaugural meeting of the session but none of the Legislative Assembly Swarajists attended. The most important item of business on the agenda of the session was a Currency Bill to give effect to one of the proposals of the Royal Commission on Indian Currency whose report had been made public during the first week in August. This was the proposal to stabilise the rupee

of engineering The effect of this recommendation, which has been adopted by the Secretary of State is that recruitment to these Services will, in future, be made entirely by or on behalf of local Governments The Commission further proposed that the control of certain central Services should be transferred from the Secretary

Transfer of certain Services.

of State to the Government of India, and that for the Services which will remain on an All-India footing, and under the ultimate control and protection of the Secretary of State, a large increase in the proportion of Indian recruitment should take place This recommendation has also been accepted by the Secretary of State and in future the proportion of Indian recruitment to the Indian

Increased Indianization Civil Service and the Indian Service of Engineers will be 60 per cent , to the Indian Police Service 50 per cent , and to the Indian Forest Service 75 per cent The economic grievances of the Services had been a primary cause of the appointment of the Commission, and these proposals for reorganisation were accompanied by arrangements for

Financial Relief

financial relief The Commission proposed that Overseas pay should be slightly increased and that officers of non-Asiatic domicile and over five years' standing should be permitted to draw their Overseas pay in London in sterling converted at the rate of 2 shillings to the rupee This recommendation was substantially accepted, although modified by the decision that the Overseas pay instead of being stated in rupees and remitted at a favourable rate, will be stated in sterling A Passage Fund has also been instituted on which officers of non-Asiatic domicile are permitted to draw for a certain number of free passages (at a certain standard) for themselves and their families On two points a departure was made from the Commission's proposals The suggestion that enhanced pensions should be given to the holders of certain high appointments was not accepted on the ground that this was a departure from the general principle that relief should be granted only where absolutely necessary On the other hand, some alleviation was felt to be desirable for certain officers above the time-scale as regards whom a division of opinion had manifested itself in the Commission, and such officers who were in receipt of pay not exceeding Rs 3,000 a month have been granted a sterling addition of pay amounting to £13-6-8 per month The Commission's recommendations in regard to other

that the idea of government by caucus is repugnant to many influential Indian politicians. Thus, although no political incidents and developments of picturesque or dramatic interest took place this year between the Delhi and Simla Sessions of the Indian Legislature, public opinion and the force of circumstances had been working silently but effectively to urge the Swaraj party to take another long step away from the position which it had occupied at its inauguration, and, as we have already noticed, the results of the general election this year were to force them to take yet another step in the same direction, a step which has brought them to a point at which they are willing to acquiesce in the formation of ministries and the working of the reformed constitution, even if they are not yet ready to give to these their active support.

The Simla Session occupied a fortnight—the last half of August, and the only transactions of any importance during the session were the introduction of the Currency Bill and the debate, mentioned in the preceding chapter, on the resolution relating to religious celebrations. After the conclusion of the Simla Session certain triangular negotiations were carried on between the leaders of the Responsive Co-operators and Pandits Motilal Nehru and Madan Mohan Malaviya. From what was made public, it seems likely that these negotiations began as an attempt to unite the Swarajists and the Responsive Co-operators, and as many of the old Independent Party as possible, in a national party. However, it soon appeared that the time was not yet ripe for such a development as this, and after the Responsive Co-operators had examined first the possibility of re-union with the Swarajists, and subsequently of an alliance with Pandit Madan Mohan Malaviya and as many of the Independent Party as would accept his leadership, these negotiations broke down leaving things much as they had been before the session, that is to say, leaving the Swarajists standing ostensibly on their old doctrines, the Responsive Co-operators determined to try the effect of accepting ministerships and other offices, and all others practically un-organised, and un-affiliated to any definite party. In the United Provinces those who inclined towards the views of the Responsive Co-operators, and orthodox Hindus, came together in a loose coalition which was sometimes called the Independent Congress Party, whilst in the Punjab the majority of Hindu candidates for the November elec-

tion to encourage a flow of suitable candidates from the British Universities. At first, the attitude of Indian public opinion towards the Services seemed to be exacerbated by the Lee Report and by the action which Government shortly proceeded to take thereupon. Fortunately, this was only temporary. But as we have already noticed in our survey of the Minority findings of the Muddiman Committee, one school of Indian opinion firmly believes that no final solution of the Service question can be found until such time as the functions and position of the administrative cadres in India are assimilated to those of the permanent officials in a country under a self-governing constitution.

The realization by India of responsible government, foreshadowed in the Montagu-Chelmsford Reforms, postulates the development of

electoral capacity and civic consciousness

Local Self-Government. among a class considerably more extensive than that which furnishes the personnel of

the provincial and central legislatures. Only upon foundations which are adequate in extent as well as solid in structure, can the future fabric of a self-governing India be erected. This consideration lends particular importance to the institutions of local self-government, which in every democratic country provide at once for the inception and for the training of public-spirited activities in the service of the State. Unfortunately, in few branches of national life is the contrast between India and the West so marked as in this sphere. Among the Anglo-Saxon peoples, the conceptions of local self-government are planted deep in the individual consciousness, and upon them is founded the superstructure of democratic liberty which characterises such countries as England and the United States. In India the situation is different. For many centuries indigenous institutions containing the elements of a structure of local self-government existed, it is true, in some regions. And although they seem to have been concerned with somewhat trivial

affairs, they may well have played a considerable part in the life of the average citizen.

Indigenous and Imported Ideas.

But from the modern standpoint they appear to have suffered from certain serious defects. In the first place, they were not based upon elective institutions, but upon reverence for age, in combination with hereditary privilege, or caste exclusiveness. In the second place, they were not correlated with the institutions of superior administration. had few definite functions

progress towards Swaraj ” The refusal to accept office till a satisfactory response was made, he added, “ constitutes an amount of political pressure that is necessary and sufficient to induce the Government to come to a settlement ”

He next dwelt on the constructive programme of the Swaraj Congress Party outside the Councils—khaddar, prohibition, removal of untouchability, communal unity, etc , and concluded with an appeal for unity “ There can,” he said, “ be only two parties in India, the party of the Government and its adherents that obstruct Swaraj, and the party that fights visibly and unceasingly for Swaraj ”

As a rule the presidential speech is the most important part of the annual session of the Congress, since it strikes the note for subsequent speakers to repeat, and on it are modelled the resolutions which the delegates to the Congress accept Thus all the points which Mr Srinivasa Aiyanger raised in his speech were summarised in the main resolution, reproduced in an appendix to this book, which the delegates to the Congress passed by a large majority An air of unreality hangs over the whole of the proceedings of the 1926 Congress It must be understood that this year, more definitely than ever before, the Indian National Congress represented only one section of Indian political opinion, namely the opinion of the Swaraj party, which now calls itself the Congress Party The words of 1926 were the words of 1923 but they were spoken in vastly different circumstances For three years, the actions of the Swarajists and their leaders in the Legislative Assembly, and in most of the provincial councils, had belied these words, and the extent to which they had belied them is the measure of their statesmanship Wherever they had departed from their policy of wrecking the constitution and of automatic destruction of all acts of Government they had done so with demonstrable benefit to their country and to their own political education This meeting of the Congress was held within two or three weeks of the declaration of the final results of the general election in which, despite their greatly superior organisation and resources, the Swarajists had on the whole lost ground to the various groups of their opponents The latter, although disunited and hostile to each other for the purposes of the elections, nevertheless had this in common that they would have nothing to do with the Swarajist

circle The municipalities and district boards remained apathetic because the powers entrusted to them were as a rule insignificant. On the other hand these powers continued insignificant because the institutions of local self-government failed to enlist the unpaid services of that class of public spirited men, conscious of an ability to wield power, upon which the system has been primarily built both in England and in America

A brief survey of the condition of municipalities and district boards in India in 1922-23—the latest date for which complete statistics are available—will reveal the general progress which can be claimed for the institutions of local self-government Taking first Municipalities, it may be noticed that there are some 757 in British India, with something over 18,000,000 people resident within their limits Of these municipalities, 687 have a population of less than 50,000 persons, and the remainder a population of 50,000 and over As compared with the population of the particular provinces, the proportion resident within municipal limits is largest in Bombay, where it amounts to 20 per cent, and smallest in Assam where the figure is only 2 per cent In other major provinces it varies from 4 per cent to 9 per cent of the total population When we turn to the composition of these bodies, we find that considerably more than half the total members are elected, and that there is a steady tendency to increase this proportion In all the municipalities taken together, the elected members outnumber the officials by seven to one *Ex-officio* members number only 7 per cent, and nominated members, who as a rule represent special interests, number 25 per cent The work discharged by municipal institutions falls under the head of public safety, health, convenience and instruction The municipal income of Rs 14 03 crores is derived principally from taxation, just over one-third coming from municipal property, from contributions out of provincial revenues, and from miscellaneous sources Generally speaking, the income of the average municipality is small, the four great cities of Calcutta, Bombay, Madras and Rangoon, together accounting for nearly 40 per cent of the total The heaviest items of expenditure come under the heads of conservancy and public works, each of which amount to 15 per cent of the budget Water supply comes to 14 per cent, and drainage to 6 per cent Education has hitherto amounted to about 8 per cent, but this proportion seems generally on the increase and in some localities it

dyarchy in every province in India, and in this verdict the Swarajists of certain provinces have concurred tacitly, if not openly, without any condemnation of their behaviour by the Executive Committee of the Swaraj party. But the disappointment lies in this—the Swaraj Party is the strongest single political party in India and although its representation on the Legislative Assembly and in the Provincial Legislative Councils is perhaps out of proportion to the amount of real support which it has in the country, it does represent a by no means negligible section of Indian political opinion. Now the Act of 1919, by introducing into India certain political institutions, and by laying the foundations of a modern progressive type of government, set before the political leaders of this country an ideal, and imposed on them the duty and privilege of trying the new model of government and helping to adapt it to Indian needs and conditions. The way in which some of the leaders responded to their duties and privileges has been fully described in earlier numbers of this report, which, further, have shown how certain others misunderstood and rejected the opportunities offered to them. Clearly the refusal of some leaders of a large and influential body of opinion to collaborate in the experiment makes the latter lose much of its value. It is as though one should take out a motor car for a hill-climbing test and discover that one of the pistons had seized. In such circumstances the capacity of the car to accomplish the work asked of it could not be gauged. With all its cylinders working it might or might not be able to climb the hill. This simple analogy may help to bring home the true reason for the insistence by the Indian Government and Parliament of the necessity for the co-operation of the Swarajists in trying out the possibilities of the 1919 Act and the suitability to Indian conditions of the constitutional system whose embryo it is. Certainly this insistence is not a demand for unconditional surrender, as is so often said, but is merely an insistence on the performance of an essential part of the experiment which, omitted, cannot but spoil the value of the whole and cause it to yield only incomplete and unsatisfactory results.

Because our attention has been largely devoted to considering the part played in Indian politics by the Swaraj Party and the All-India National Congress it must not be thought that there are no other political parties or schools of political opinion in India or

affirm that the general policy must henceforward be one of gradually removing all unnecessary official control and differentiating between the spheres of action appropriate for Government and other local institutions. These principles had hardly come into operation when the introduction of the reforms transferred the control of local self-government to Ministers responsible to the legislature. As a consequence, during the last four years, almost every local Government has been zealous to foster the progress of local institutions. In the Punjab, legislative sanction has been taken for the creation of Im-

Local Self-Government improvement Trusts, for the more effective
under Popular Control. administration of smaller towns, and for the
 establishment of Village Councils. Every

District Board and every Municipality has been re-constituted in a more democratic form, and there has been a general lowering of the franchise. In the United Provinces, the District Boards have been completely deofficialised, the franchise has been reduced, and additional powers of taxation conferred. The Municipal franchise has also been modified. Recently, measures have been taken to provide that Mussalman candidates, like others, should be qualified for election to the District Boards in any constituency in the tahsil including the circle in which their names are enrolled. In Bihar and Orissa the Municipal franchise has been revised in order that the Municipalities may be more widely representative and contain an increasing proportion of elected members. Direct election has been introduced into the District Boards, and these bodies have been removed from the supervision and control of local officials. Provision has been made for the creation of Village Unions and the constitution on an elective basis of Union Boards. In the Central Provinces the Municipal franchise has been extended, the powers of Municipalities increased, and official control relaxed. In Assam, the Municipal law has been liberalised in such fashion as to bring it in line with that prevailing in other parts of India. In Bengal, legislative sanction has been taken for the constitution of small rural units, the municipal law has been amended in such fashion as to liberalise the constitution of the Municipalities and to relax internal official control, the Calcutta Municipality has been reconstituted. In Madras the District Municipalities and Local Boards Act has been amended in various directions, all of which tend towards liberalisation. More recently legislation has been undertaken to enable local authorities to impose a tax on amusements and other entertain-

The Delhi Session of the Legislative Assembly began this year on the 19th January in the New Legislative buildings which had been opened by His Excellency the Viceroy the day before. The Swaraj-Congress Party was present in strength, and on the 21st its leader, Pandit Motilal Nehru opened the first attack on the policy of the Government by moving a motion for the adjournment of the House to discuss the non-attendance of Mr Satyendra Chandra Mitra, who had been elected to the Legislative Assembly whilst a prisoner under the Bengal Criminal Law Amendment Act. The Pandit in moving the motion said at once that he had no intention of raising the general question of the release of those prisoners who had been imprisoned under the Bengal Ordinance or Regulation III of 1818, but meant to confine himself to the particular question of the refusal to allow a regularly elected member of the Assembly to take his seat. The debate, therefore, was important from the point of view of the development of parliamentary practice in this country. Pandit Motilal Nehru took the line that Mr Mitra's detention was an encroachment on the privileges of the Legislative Assembly and on the rights of the constituency which had elected him. He pointed out that detention under the Bengal Act or Regulation III had not been made a disqualification for seeking election, and he asked what would have happened if such an incident as this had occurred in England. He referred to the English Law on the subject as given in *Burke's Laws of England*, Volume XXI. Article 1468 which says that "whilst Parliament is sitting and during the time which the privilege of Parliament extends no peer or member

ral districts, seems to be an indication that these institutions are serving a useful purpose in the life of the province. In regard to their public health responsibility, Panchayats have done very little. In Bihar steps have been taken to constitute a number of Union

In Bihar.

Boards under the Village Administration Act, and it is hoped that they will prove a valuable training ground for those who wish to enter public life. As yet, there are no means of judging of the success of the system. In Bom-

In Bombay

bay, the local Government reports the existence of signs that the rural population is not anxious to have Panchayats, the main reason being that people do not want to tax themselves, however lightly. Applications have been received for cancelling Panchayats already established and it would appear that the people are showing a deplorable lack of appreciation of the opportunities afforded them for training in the art of local self-government. The Bombay Government notes that the local Boards will have to carry on an intensive propaganda if they wish to have successful Panchayats operating as a source of financial and administrative relief to themselves. In Bengal, the work of establishing Union Boards proceeds steadily, and at the

In Bengal.

end of 1924, there were nearly 1500 of these bodies in working order. Unfortunately, the rural population is only too ready to take fright at any rumour of increased taxation, and the greatest tact is demanded on the part of those who attempt to organise the new institutions. Good progress is, however, reported from many Union Boards in connection with village roads, water supply, sanitation and other items of local improvement. Moreover, the Union Courts and the Union Benches work well, many of them succeeding in amicably settling a large proportion of the cases brought before them. It is a remarkable testimony to the growing popularity of these humble tribunals that in order to secure the speedy settlement of cases, creditors have been known to reduce their demands so that these institutions might have

In Madras

jurisdiction. In Madras also, the Panchayat system is reported to be popular. By the end of 1924, Panchayats were working in all districts except three, and nearly 500 have come into existence since the Act of 1920 which conferred sanction for their election.

There is no reason to doubt that the Village Self-Government in India has a great future before it. But unfortunately, at the time

Messrs Dillon, Parnell and others under the Protection of Prisoners and Property Act, 1881. It had never been suggested, he said, that this was a breach of privilege of the House of Commons, and the Act itself only required that if a member of Parliament were detained under its provisions, a report should be sent to Parliament. He reminded the House that the member in question was already in prison at the time of his election and that therefore his constituents had less cause to complain than if he had been arrested after election.

Following these two leading speakers, a number of members—all except two of them belonging to the Congress or Nationalist parties—gave expression to various points of view, and at times the discussion tended to stray from the specific point of constitutional law which had been raised by Pandit Motilal Nehru into a discussion of the merits of the arrests. In the end the division went against the Government by a majority of 18. The debate which took place later in the session on the subject of the Bengal detenus may be appropriately described in this place in order to show how this very important matter stands up to the present. On February 3rd a member of the Swaraj-Congress Party moved a resolution recommending (a) the repeal of Regulation III of 1818 and similar regulations in force in other provinces of India and urging the justice of releasing all political detenus or of bringing them to trial, and (b) the grant of an amnesty to all political prisoners now undergoing imprisonment. To this resolution Pandit Motilal Nehru moved an amendment recommending that all detenus under old regulations and under the Bengal Criminal Law Amendment Act of 1925, be either immediately released or else brought to trial. It should be explained that the Bengal Criminal Law Amendment Act replaced the Bengal Ordinance, which, as an ordinance, was only in force for six months. The mover of the original resolution would not believe the arguments of the Government about the impossibility of getting witnesses to appear in these political cases, and he asked for an open trial for all detenus. Pandit Motilal Nehru then moved his amendment. He said that the Government gave three reasons for detaining political prisoners without trial and these were —

- (1) The existence of revolutionary conspiracy in Bengal
- (2) The committing of revolutionary crime, and

Reviewing the operation of the institutions of local self-government throughout India as a whole, we may note the existence of

General Tendencies of Local Self-Government.

certain general tendencies. The activity displayed by almost every local legislature in connection with these institutions of self-government has been paralleled by an enhanced vitality in the local institutions themselves. Far greater interest is now being displayed

Municipalities.

by almost every Province in the operation of the Municipalities, District Boards, and Village Committees. As a result of the non-co-operation campaign, progress has been

Increasing Vitality

hampered in certain directions, particularly where circumstances necessitated the executive and the people marching hand in hand. But since Mr Gandhi's programme was never applied to the institutions of local self-government, there was nothing to prevent his adherents from taking their share in the administration of local affairs. As a result, a large number of non-co-operators entered the Municipalities in several parts of India. In general, they displayed themselves enthusiastic, if somewhat inexperienced, and it is reported by several local Governments that the new elements were anxious to improve upon the work of their predecessors. Everywhere, keen interest is now excited by Municipal elections. The proportion of voters coming to record their suffrages is on the increase, and the old apathy which for so long persisted over the whole field of local self-government seems definitely to have come to an end. On the new Municipal bodies there is a gratifying proportion of hard-working and earnest individuals who do their best to discharge the responsibilities laid upon them. On the other hand, the new intimacy

Caution.

of touch between Municipal Commissioners and the electorate has, in one direction at least, operated adversely to rapid progress. Since the city fathers have now to look to the hustings, they are extremely cautious in their support of any project unlikely to commend itself to the average man. There has thus arisen a certain hesitation, in many localities, to enforce sanitary regulations, to impose taxation, to collect arrears, and in general to discharge many of the duties which might bring in their train a degree of unpopularity.

The interest which is now excited by Municipal affairs is shared, though to a somewhat lesser extent, by the administration of the

he detailed recent attempts to revive the revolutionary movement by the distribution of leaflets. He quoted the case of a man who had been released under the terms of the general amnesty after the war, but who, after release, had engaged again in revolutionary conspiracy and was at present under trial in a revolutionary dacoity in the United Provinces. He then quoted from a particular revolutionary leaflet, which laid down the plan of revolutionary campaign, and showed that part of this plan had already been put into operation. All this showed that the extraordinary powers conferred upon Government to deal with revolutionary crime were still needed. Since he last addressed the House on this subject, the Home Member continued, there had been one re-assuring development, namely that the Police had begun to take the initiative again and no longer left it to the revolutionaries. "Surely," Sir Alexander said, "the comparison between the state of affairs before the ordinance and after it showed that a great improvement had taken place." The Home Member next turned to what His Excellency the Viceroy had said about the detenus in his inaugural speech to the Legislative Assembly on January 24th. "The guiding principal in this matter" (that

is the release of detenus) said His Excellency, "must and can only be the interests of the public safety. Nor is the matter one that rests wholly or mainly in the hands of the Government. Before releases can be sanctioned, Government must be satisfied either that the conspiracy has been so far suppressed that those set at liberty even if they so desired would be unable to revive it in any dangerous form or if the organisation for conspiracy still exists, that those released would no longer wish to employ their freedom to resume their dangerous activities. Government have always made it clear

that their sole object in keeping any men under restraint is to prevent terrorist outrages and that they are prepared to release them the moment they are satisfied

entail an expenditure far greater than anything which the past can show. They have far greater than anything which the past can show. They have rightly looked to the local Governments for a measure of assistance, but the generally unsatisfactory condition of Indian finances has, as a rule, prevented this aid from being forthcoming in the requisite degree. In many provinces, therefore, Municipalities and District

Debt and the Remedy. Boards have fallen into debt. The remedy would seem to lie along the lines of enhanced taxation combined with retrenchment. But here of course, arises the difficulty to which we have already adverted, namely, that the members of Municipalities and District Boards are reluctant to face the unpopularity which these measures would entail. Fortunately, there are distinct signs that the courage of the members is growing. From several Provinces it is reported that the local bodies are now levying fresh taxation and retrenching their superfluous activities with a rigorous hand. Further, there is now a

Allotment of Resources tendency to lay stress upon the wise distribution of available funds. In the first flush of inexperienced enthusiasm, many of the local bodies indulged in schemes for the promotion of some particularly favoured activities such as education, at the expense of equally essential services such as health and communications. Generally speaking, this is no longer the case, and the members of these bodies are devoting increasing attention to the equitable adjustment of their resources to their requirements.

There is another tendency and that is of a less pleasing character, which distinguished the history of institutions of local self-government during 1924-25 as during 1923-24.

Fends.

This is the prevalence of communal feeling. Particularly throughout certain parts of Northern India, the relations between the Hindu and Mussalman members of Municipal and District Committees have been marked by serious tension. There are honourable exceptions. For example, it is reported that the manner in which the members of the Lahore Committee have refrained from taking advantage of their position for communal ends deserves commendation, while the generally harmonious working of the Multan Committee, in spite of the strong communal feeling of which that Municipality has been the unhappy victim, reflects the greatest credit on the members. In some other towns, unfortun-

the local Government reports that the members continue to take a very great interest in their duties, and that their attitude towards the responsibilities imposed upon them is on the whole satisfactory. Communal feeling shows itself in certain localities, but is in many instances offset by the public spirit and initiative of individual members. Generally, despite the fact that the institutions of local self-government are somewhat of a foreign growth in the North-West Frontier Province, there are considerable symptoms of advance in independence of action and in the smooth working of the Committees.

In the Punjab, District Board finance has been causing some anxiety, and in December, 1923, a conference of Board representa-

The Punjab.

tives was presided over by the Minister of Education, who impressed upon the assembly

the fact that Government could not for the present appreciably augment the available resources, and that funds must accordingly be carefully rationed so that no department of activity should receive unduly favourable treatment. In consequence, in the Districts where the local rate was less than the permissible maximum, taxation has been raised. A system of rationing was successfully introduced into several districts, but little progress can be expected in this direction until the new classification of accounts now under consideration is introduced. At present, the entire resources of the Boards are, as a rule, absorbed in maintaining the existing services, and no funds are available for development. But on the whole, the non-official members have displayed considerable interest in the transaction of business, while the introduction of the sub-committee system has added to the general efficiency. It is sometimes said that the proportion of funds devoted by District Boards to education is excessive and involves the starving of other departments. But an analysis of the figures show that while some 23 per cent of the total revenue was devoted to educational purposes, no less than 37 per cent went to public works. The District Boards are co-operating with the Department of Education in the new policy of consolidating the position already gained, rather than in attempting further expansion. The state of communications under the control of most District Boards continues unsatisfactory, largely owing, it is said, to the inefficiency of the District Engineering staff. A considerable amount of public money is wasted in connection with roads, and Government consider that it would serve no useful pur-

calling almost everywhere for immediate solution, and in the leading towns of the Provinces, for heavy outlay. Conservancy, including road-cleaning and watering, continued to be the chief head of municipal expenditure, forming 17·6 per cent of the total outgoings, while education and the upkeep of roads count for 9·4 per cent and 9·1 per cent respectively. On the whole, the position is more hopeful, since the rapid progress which was being made towards Municipal insolvency has been arrested during the year. But the local Government notes that the present apparently favourable position is mainly due to the postponement of expensive but urgent projects such as the reorganization of the water supply at Allahabad.

In Bihar and Orissa, it is reported that many of the local bodies are absorbed in non-civic questions, and that the members have

made use of their position for purposes of political demonstration. Moreover, the inexperience of the members has resulted in some cases of serious maladministration. The local Government notes that the rate-payers are beginning to realize that the remedy for this lies in their own hands. The Municipal Commissioners of Cuttack have been forced to remove their Vice-Chairman, while in Arrah and Patna, public meetings have been held at which the shortcomings of the municipal administration were severely criticised. The formation of strong Rate-payers' Associations with the object of bringing pressure to bear upon the Municipal Commissioners, is a distinct feature of the life of the Province. On the whole, the local authorities believe that it would be wrong to be unduly pessimistic regarding the future. The emancipation of municipalities and district boards from official control has, in some cases at least, infused in the Commissioners a higher sense of their responsibilities. Here, as elsewhere, the main obstacle to progress is the reluctance of the public to submit to additional taxation—an attitude which naturally reflects upon the activities of the representatives of the public upon the local bodies.

In Assam, the financial position of the local Boards is said to be generally satisfactory, and some Boards are officially criticised

for maintaining unnecessarily large balances. Of the total funds 28 per cent was allotted to education, 26 per cent to communications and 21 per cent to

hearing several other members, the President ruled the motion in order and directed that it should be taken up for discussion later in the same day. Before the time for discussion arrived, however, a notice was received from His Excellency the Governor General disallowing the motion under Rule 33 (1) of the Manual of Business and Procedure of the Legislative Assembly, as "affecting the relations of His Majesty's Government or of the Governor General in Council with any foreign state."

This session was to become notable for the number of motions for the adjournment of the House which were moved during its period. The first motion for adjournment, that relating to the case of Mr S C Mitra, had, as we have seen, a definite value, and it was good that the important matter to which it referred should be fully discussed. It is difficult, however, to see what useful purpose would have been served by allowing a debate on the despatch of troops to China to take place. Three other motions for the adjournment of the House were moved at intervals during the session, all of them apparently having the object of censuring the Government and obstructing its business rather than of discussing a matter of urgent public importance as the rules require. On February 2nd a member of the Nationalist Party moved for adjournment in order to discuss the decision of the Government of India not to publish the Report of the Indian Delegation to Fiji. As the report had been written three years earlier, and as the matters to which it referred have been raised in practically every session since then by means of questions put to the Member in charge of Indian Emigration, the Chair ruled that the motion was not in order. Again, on February 8th, Mr Srinivasa Iyengar moved his second motion for the adjournment of the House in order to discuss "the serious situation created by the decision of the Government in putting off the discussion of the Indian Currency Bill till after the disposal of the Railway Budget and till after the presentation of the General Budget." We have already seen that between the end of the Simla Session and the opening of the present session the Currency Bill had become a theme of absorbing interest even to many who had never studied currency questions and who were unable to form any opinion on the merits of the Bill, and it was clear that it was going to be a real test of strength between the Government and the opposition. It was only natural, therefore, that the opposition should want to bring it to a decision

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financial difficulties are, therefore, at the root of most civic problems. Many municipalities are really too poor to be able to afford an up-to-date administration, and in other cases, the Municipal Commissioners are unnecessarily content with an insufficient income. The raising of taxation, which is now only just over Rs 2 15 per head of the population, is an essential step towards the adoption of a progressive policy leading to the amelioration of civic life.

In Madras, the financial condition of local bodies was a subject of general consideration by Government. During the year under review, a Committee was appointed for each District, consisting of the Presidents of District and Taluk Boards, the Collector, and the Treasury Officer. These committees examined the finances of the local Boards in each district and framed normal budgets for each. The general conclusion was reached that District Boards were able to maintain their services with the revenue assigned to them, but that many of the Taluk Boards were unable to make both ends meet, even after levying all taxes at maximum rates. To meet the situation, Government proposed to abolish such of the Boards as could not maintain their services. Further assistance was given to local bodies by making monthly instead of yearly payments of Government subsidies on account of elementary and secondary education. The temporary post of Inspector of Municipal Councils and Local Boards, which had been created in 1920, was continued during the year under review, and the question of retaining it permanently is now under consideration. Generally speaking, the local Boards in Madras displayed a courageous disposition to levy taxes up to the sanctioned maximum. In the Municipalities also, the year under review showed a substantial increase in the general revenues. The average incidence of taxation per head of the population is still low, being only just over Rs 2 2. The heaviest item of municipal expenditure was communications, which amounted to Rs 23 7 lakhs out of the total expenditure of Rs 133 7 lakhs. The Public Works Department had under execution water works in four Municipal towns and extensions of the existing water works in four others. The total expenditure under the general head of water supply and drainage, including the capital charges, amounted to no less than Rs 21 4 lakhs during the year under review.

In Bombay, it is reported that the people in general are taking a greater interest in local Board affairs, while the non-official Presi-

industries, did so only in an unscientific and haphazard manner, since the tariff had been devised for purely revenue requirements. In that year the Indian legislature accepted a Government proposal to adopt a policy of discriminating protection and to investigate the claims of particular industries to that protection. One of the first tasks to which the Tariff Board applied itself was the protection of the Iron and Steel Industry in India. After a careful and elaborate investigation extending over several months, the Board published a report which showed that the claims to protection put forward on behalf of this industry were fully justified. Development had recently been hindered by severe competition from abroad coinciding with the beginning of large schemes of expansion. The authorities, with the full support of large sections of organised Indian opinion, took prompt action on this report, and their decisions, which were based almost *verbatim* upon the conclusions of the Tariff Board, were submitted to a special session of the Indian Legislature fixed for May-June 1924. A bill, whose object was to foster the development of the Steel Industry in British India was introduced by the Government and passed by the Assembly and the Council of State. The duties on certain articles manufactured from steel were increased, bounties were granted on heavy steel rails, fish-plates, and railway waggons, manufactured in India. The duties and bounties alike were to be subject to revision after three years. It was anticipated that with the help which this protection would afford, the steel industry would be able, within three years, to attain its full production. It was also hoped that world conditions would probably be more stable after the lapse of the three years period, and that the data on which proposals could safely be based would be more satisfactory. In September 1924, however, it was found that owing to the fall in prices of Continental steel and the maintenance of the rate of exchange in the neighbourhood of 1s 6d, the Indian steel industry was in need of further assistance. The question was referred to the Tariff Board which again reported that the case was well-founded, and suggested enhancements of the import duty. The Government of India decided that further assistance to the Steel Industry could more appropriately take the form of bounties rather than of additional increases in duties, since the former would be of immediate benefit to the industry, and would not raise the prices of steel goods in this country. It was calculated that the utmost

for their successful working, like every other activity of a civilised society, upon the maintenance of law and order

Law and Order The principal arm of the State for the preservation of peace among the 247,000,000 persons who inhabit British India is the Police Force. This consists of about 1,078 officers of the rank of Deputy Superintendent and upwards, together with some 200,000 officers and men of lower grades. In addition, there are some 19,000 officers and men of the military police, located in the wilder parts of the country. Of these more than half belong to Burma.

The Police Expenditure upon the Police Force in India is relatively small as compared with that of other countries. For the year 1922-23, the average annual cost of each policeman ranged from Rs 622 in Burma to Rs 408 in the United Provinces. The mean for all India was about Rs 540.

Low Cost. We must contrast these figures with the average yearly cost of a policeman in the counties and boroughs of England and Wales, which is just over Rs 4,000. The burden of police protection upon the tax-payer is also low, ranging as it does from Rs 1.2 per head per annum in Burma to Rs 0.24 in Bihar and Orissa, with an all-India average of some 9 annas. The general position may be conveyed in a simple comparison. The United Provinces, a territory with over 45 million inhabitants, spent upon Police in 1923 rather less than a million sterling. The task of policing the 40 millions population of England and Wales during the same period was more than £20 million sterling. It will be obvious from these statistics that the wages in the force must necessarily be low. The salaries of Sub-Inspectors range from Rs 155 to Rs 97 per mensem, while the pay of the constable varies from Rs 21 to Rs 17 per mensem. With wages such as these, it is naturally impossible to recruit for service in the Indian Police a class of men corresponding to that which has brought the force in England into such deservedly high repute. Nevertheless, the work of the Indian

Efficiency Police is remarkably efficient. An interesting comparison can be made between, for example, the work of the police in Madras and that of the London Metropolitan Police. In the year 1922, the ratio of the number of persons convicted to the number of crimes of burglary, house-breaking, stealing and the like was in London 21.1 per cent. In

only be satisfactorily solved by their scheme of differential duties. He showed that anti-dumping duties, that is, discriminating duties, against countries which were selling steel at dumping prices, would not solve the problem because they would infringe India's most favoured-nation agreements and would disorganize her foreign trade. The idea of bounties had to be discarded because, as the Tariff Board had shown, it would be impossible to give bounties for seven years and this financial objection was decisive. The real contest came between the average weighted system of duties and the system of discriminating duties proposed by the bill. After explaining the average weighted system of duties, Sir Charles Innes showed that it would afford only inadequate protection to the Indian steel industry and would at the same time enhance to an unnecessary extent the price of standard steel as well as of fabricated steel in India. In consequence the system would hinder development work throughout all India—big bridges, public works of all kinds, and the manufacture of machinery—by making it unnecessarily expensive. Finally it failed to provide an adequate remedy against a further fall in the price of fabricated steel. This could only be countered by a corresponding increase in duty to the further disadvantage of the consumer of steel who would have to pay a higher price for that commodity. On the other hand, if continental steel were to rise in price the Government of India could do nothing. Turning then to the system of differential duties, Sir Charles explained that the words 'British Steel' and 'Standard Steel' were, for all practical purposes, synonymous. By levying differential duties on British and continental steel the Indian Government avoided the administrative difficulties resulting from the necessity to test the quality of every consignment of steel coming into India, and, also, owing to the position of India in the British Empire they were infringing no most-favoured nation agreements by discriminating in favour of British steel.

The speakers, who followed Sir Charles Innes, were drawn almost entirely from the opposition and the key-note of the majority of the speeches was suspicion or hostility to the principle of the grant of preference to British steel.

The bill returned from the select committee on February the 7th when Sir Charles Innes presented its report to the Assembly with dissenting notes by six members. The majority of the Committee stated that they were satisfied that the economic interests-

of his specific duties may be unquestioned, but unless his integrity and incorruptibility are taken for granted by the average citizen, the force as a whole will never rank high in the confidence of the public. Further, the natural limitations of

Difficulties.

the type of man now generally recruited for service in the force are such that efficiency can never proceed beyond certain limits. In every country, the scientific study of crime is now essential for successful police work. Specialised central organizations, whose duty it is to study and tabulate the *modus operandi* of each professional criminal, have become a necessity if the struggle with crime is to be successfully conducted. These organizations cannot be established in India unless funds are made available for the purpose. Meanwhile, the unequal struggle between organised gangs of criminals, and un-co-ordinated police units already overburdened with routine work, must continue. There can be no improvement until the problem is tackled in a systematic manner. Yet, the necessity for this development seems unquestionable. With the advance of education and progress, the fields of forgery and fraud, to take particular examples, develop on parallel lines both in intricacy and in technicality. Serious crime is low in India, its incidence varying from 3.38 per thousand of population in the Central Provinces to 1.00 per thousand in Madras. But as the distribution of the police for the same unit of population varies from 1.95 in Burma to 0.43 in Bihar and Orissa, it will be plain that efficiency in the detection of crime is vital if a force so sparse is to discharge its duties successfully. Considering the difficulties under which the Indian Policeman works, his country may be well proud of him. His discipline shows steady signs of improvement year by year, departmental punishments are on the decline, and individual cases of heroism and devotion to duty are so numerous that it is difficult to select typical examples for citation.

The task of the Indian policeman is one that might well tax all the energies of the highly paid constable in other countries.

Work of the Police.

Throughout the immense population inhabiting British India, there is an extraordinary diversity of culture. In the great cities there is an ingenious criminal population which is capable of planning frauds on industry every whit as elaborate as those which occur in the western world. In the country districts there are the usual swindlers who prey upon the credulous and foolish by profession of supernatural

and parts of India, partial failure of the cotton crop in the Punjab, and the late movement of cotton in Bombay and elsewhere Altogether, instead of an estimated net surplus of 871 lakhs of rupees he now expected a surplus of 594 lakhs The estimates for 1927-28, Sir Charles informed the House, had been prepared in a cautious spirit but not without a hope that their final state would show the railways free from the misfortunes of the present year Capital expenditure during the current year, he said, for the first time approximated closely to the estimates, which was a proof that the Railway Board was executing sanctioned works more closely to the scheduled time and also that their estimates were becoming increasingly accurate He mentioned a new and important innovation in railway construction in this country, namely, the use of private contractors for important railway works The Railway Board, in fact, hoped shortly to be able to hand over to contracting firms the entire construction of some new lines Sir Charles next turned to rates and fares and said that these could not be reduced any further because of the financial position disclosed by an earlier part of his budget The drop in the earnings from passenger traffic showed that it was very likely that the Railway Board had been too optimistic in estimating the effect thereon of the reduction in fares which had been decided upon in the previous budget The Government, said the Railway Member, might be criticised because traffic had not responded to the stimulus of the reduction in fares, but they had taken this risk on the considered opinion of railway agents that the reduction would pay in the long run He pointed out to the House that it was the existence of the railway reserve that enabled such experiments as these to be made, experiments which must be carefully watched and given fair trial If, however, they merely involved a loss in revenue without any compensating increase in traffic, the whole question would have to be reconsidered

The general discussion on the Railway Budget opened on February 22nd Among the papers presented to the Legislature in connection with it was a memorandum drawn up by the Financial Commissioner to the Railway Board, in which he explained what effects a lowering of the exchange value of the rupee from 1s 6d to 1s 4d gold would have on Railway Finances The memorandum showed that any such lowering would in the end reduce the net receipts of the Indian Railways by 6½ crores of rupees per annum, and that the reduction in 1927-28 would be something over

indiscriminately accused of high-handedness, of corruption and of repression. Misconduct on the part of any member of the force, however humble, is eagerly seized upon in the public press, which is often inclined to assume that the whole organization may be judged by isolated instances of bad behaviour. In times of crisis, when dangerous disturbances have to be suppressed, or a locality has to be defended against the ravages of dacoits, there is an insistent demand for the services of the police, and their heroism in circumstances of peril and difficulty is widely applauded. But where, as happens in so many places in India, the local Sub-Inspector of Police is the real representative of the arm of the State throughout a given area, the behaviour of the force seems often to provide the public with an excuse for criticism. Of recent years, much has been done by the authorities to improve the conduct and discipline of the police. Police schools are multiplying, the training which they provide grows more and more adequate. No pains are now spared by local Governments in instructing members of the force in their duties towards the public. Stress is laid not merely upon technical efficiency in the discharge of professional duties, but also upon the necessity of courtesy and civility towards individual citizens. As has already been remarked, there is reason to believe that the faults of which the police are still freely accused show signs of steadily diminishing. Discipline is better; departmental punishments are rarer, dismissals less frequent.

Quite apart, however, from any justification which the conduct of the Indian Police may provide for their general unpopularity, we have to notice that their position presents certain peculiar characteristics. The average citizen in India does not seem to consider that he is called upon to assist the police in the discharge of their duties. This undoubted fact may be due either to the low level at which civic responsibility rests in India to-day, or to some definite political theory, which does not square with Western conceptions of the relation between rights and duties. In any event, it is undeniable that the average individual does not conceive himself as responsible for assisting in the maintenance of public tranquility. In which connection it should be remembered that the aloofness with which the average man regards the policeman and his labours is by no means confined to those parts of India which are directly under

achievements Undoubtedly the vexed question of the indianisation of the railway services is responsible for a good deal of the hostility at present displayed against the railway administration In Chapter IV, it will be shown what progress has been made in admitting Indians to all branches of all grades of the railway services and here one or two of the conditions which govern the progress of indianisation may be considered In the first place it should not be forgotten that in their railway system, the Government of India and the Railway Board are responsible for one of the biggest commercial undertakings in the world—a business with a capital of something like £450 millions sterling The size of India, the insufficiency of arterial roads, and the lack of rival systems of transport, all combine to make her dependent to a singular extent on her railways Clearly, the railways have got to be efficiently administered, otherwise the economic structure of the country will be seriously damaged and her general revenues heavily embarrassed Now railway administration is a science whose technique is developed and refined from year to year, and even the most advanced countries of the West are not ashamed to take railway experts from each other Indianisation of the services is, of course, a political as well as an administrative problem, and it is quite reasonable to argue that as far as some of the Indian services are concerned political arguments may safely be allowed to prevail But it will be acknowledged that the railway is not one of these services There, technical qualifications must decide, and although the members of the Indian Legislature chafe against what they regard as the disappointing slowness of the indianisation of the railway services, particularly in their higher ranks, it must be conceded that the Government and the Railway Board are in a strong position when they demand an expert's qualifications for an expert's job The figures given in Chapter IV show that serious attempts have been made and are being made to tackle the problem of indianising the railway services, and it is to be hoped that criticism based on this cause will steadily disappear as the years pass

Another fruitful cause of criticism of the Railway Board are the conditions under which third class railway passengers travel in this country It is alleged that third class carriages are frequently insanitary, usually over-crowded, and generally uncomfortable Of late years much has been done to meet these complaints but when it is realised that a third class passenger travels a hundred

prevention and detection of crime, has been emphasized of recent years by the agitation of India politics

The Influence of Politics The policeman, as the arm of the executive, has been frequently brought into direct conflict with the exponent of political ideas. The principle lying at the root of the non-co-operation campaign, which was the severance of all relations between the people and the Government, naturally resulted in throwing the constabulary more than ever upon their own resources, while the general excitement, which swept over large sections of the population, made the task of preserving order more than usually difficult, unpleasant, and even dangerous. There is, even in normal conditions, a natural disposition to identify the constable with the existence of the British Raj, and to regard him as an obstacle to the achievement of India's national aspirations. It is sometimes forgotten that any Government, whether indigenous or foreign, must necessarily maintain order, and in the process is obliged to restrain by various means those activities which it regards as subversive of its own authority.

The straight road towards winning for the Police an increased measure of public appreciation would seem to lie in so raising the morale and the intelligence of the force that

Hopes of Betterment. its members may be trusted in all circumstances to use their authority with discretion. There is no reason to despair of attaining this goal. The Inspector-General of Police in Bengal has made an interesting comparison between the state of affairs within his jurisdiction to-day and that pictured in the report of the English Police Commission of 1839. He notices that it was only through constant efforts on the part of the superior officers of the Metropolitan Police, through the weeding out of dishonest and inefficient constables, and through the hardly-won approval of the more reasonable portions of the population, that a complete change has been brought about in the attitude of the English public towards those appointed for the preservation of its order. If the policeman in India, as in England, is to be looked upon almost with affection by every law-abiding citizen, it is very necessary that a parallel line of policy should be pursued with equal determination. Already there are reports from certain Provinces that the attitude of the general public is beginning to change: that confidence in the police is gradually, if slowly, increasing, and that the assistance rendered by the public to the

Hindley, the head of the Railway Board, explained the situation to the House and showed that the surplus of waggons was no more than a reasonable reserve against likely needs, and he illustrated his argument by reference to America where there are on an average over 4,000 locomotives and 200,000 waggons in reserve every year. The number of waggons in reserve in India was based on expert opinion and he asked the House to accept that opinion. Sir Charles Innes resented the attempt to prove the case for indianisation by trying to show that the present Railway Board was inefficient. The Board had transformed disorder on the Indian railways into great efficiency. It was a technical body, and it would be a dereliction of duty on his part to recommend the supersession of senior and experienced railway officials. The opposition, however, remained impervious to these arguments and with the help of one or two other members the Congress Swaraj and Nationalist Parties carried the motion by 59 votes to 52. The discussion on the Railway Board occupied practically the whole of the three days allotted to the demands for grants. The debate then continued till the demands Nos 2 to 6 were adopted, motions for cuts in respect of some of them being either lost or withdrawn. After that the guillotine fell and the remaining demands passed automatically.

The debate on the Railway Budget ended on Friday, February the 25th and on the next working day, Monday the 28th, the budget for 1927-28 was presented. Popular interest in this budget was probably greater than in any other budget since the inauguration of the Reforms, for excitement over the Currency Bill had by this time reached an extraordinarily high pitch and it was well-known that the budget, by showing the different effects on the national finances of the adoption of the one gold value or the other for the rupee, would bring reality and hard facts into a prolonged and embittered controversy, which certain agencies and a large part of the press had hitherto kept away from these disturbing elements. The House was crowded when Sir Basil Blackett rose to make his statement. The financial details of the general budget like those of the railway budget will be discussed in Chapter V, and here only its broad features and the discussion on the Finance Bill will be examined. For the fourth year in succession the Finance Member was able to announce a surplus. The surplus this year was the very handsome one of 370 lakhs of rupees, but was dependent on the rupee's being maintained at the ratio of 1s 6d gold.

uty Whole districts are terrorized, and the police are sometimes called upon to fight pitched-battles with the brigands There are two principal difficulties in bringing dacoits to book The first is the wide area over which the operations of a single gang may easily extend This, taken in conjunction with poor communications and a difficult country, may necessitate the concentration of the special police parties for weeks or even months upon the trail of one band Next is the difficulty of obtaining information The dacoits rely upon terrorism, and they commit such atrocities both upon their victims and upon those whom they suspect of giving information to the police, that the average villager is reluctant to take any share in assisting the authorities to suppress them The Police reports from those parts of India where dacoity is generally most prevalent, such as Burma, the United and Central Provinces, Central India, and Gujarat, almost invariably contain horrible stories of the fate inflicted by desperate men upon suspected informers Village watchmen are bound hand-and-foot and thrown into rivers, are roasted alive on a slow fire, are hideously mutilated as a warning to others In fact, it is only by the most strenuous exertions that the Indian Police are able to keep gang robbery within its normal limits During any period of general excitement, there is a tendency for dacoity to increase, and in such circumstances, the police remain the only power which protects peaceful persons from a reign of terror In last year's Report we mentioned the dispersal, by the United Provinces Police, of a Bhantu gang which had for long oppressed certain districts During the same year, operations even more extensive had to be undertaken in Gujarat against a desperate and dangerous gang, led by one Mirkhan The depredations of these dacoits were so intolerable that a special force with 8 motor cars and 2 Lewis guns was finally equipped for action against them When they were run to earth, they took up their position upon a steep hill which had finally to be stormed after a prolonged fusillade Two members of the gang were shot dead, and large booty was recovered in the way of arms, ammunition, horses, and ornaments The leader managed, however, to make his escape The remnant of the gang rallied round him and another pitched-battle was fought This finally settled the fate of Mirkhan, who was wounded and captured, while his remaining followers were either killed or wounded These operations stretched over a large tract of country, partly lying within the limits of British

nounced, among them being the abolition of the export duties on tea, estimated to cost 9 lakhs of rupees, and the abolition of the export duty at an estimated loss of 50 lakhs, whilst the import duty on motor cars was reduced from 30 to 20 per cent *ad valorem* and on tyres from 30 to 15 per cent. The import duty of 15 per cent on rubber seeds and stumps was removed in compliance with a special representation of the Burma Government, thus helping an important adolescent industry. The stamp duty on cheques and bills of exchange payable on demand was abolished with effect from the 1st July 1927. Lastly the import duty on unmanufactured tobacco was raised from Re 1 to Rs 1½ per lb with an estimated gain to the revenue of 18 lakhs, and the basis of assessment of tea companies to income-tax was altered in a manner which, it was believed, would yield 45 lakhs of revenue. The net result of all these changes would be a loss of 6 lakhs of rupees to the revenue, which would bring down next year's surplus to 364 lakhs of rupees.

It was when he came to deal with this surplus that the Finance Member made one of the most important pronouncements which has been made since the inauguration of the Reformed system of Government in India and one of vast promise for the progress of the Indian provinces and the future of the new constitution in India. For, Sir Basil announced, the surplus would be devoted to the remission of provincial contributions. Readers who are not familiar with Indian conditions will find provincial contributions explained in Chapter V where also an attempt will be made to show the importance to the provinces of this announcement by the Finance Member. The surplus, indeed, fell short of the sum required totally to abolish provincial contributions by 181 lakhs which, Sir Basil Blackett pointed out, represented by a curious coincidence the exact amount of revenue which the Government of India had given up when they had abolished the cotton excise duty the previous year in order to help the Bombay cotton industry. But the Bombay Government, faced with a considerable deficit on the working of 1926-27, and under the shadow of a further estimated deficit in 1927-28 on other than development transactions, had made a very strong appeal for help to the Government of India. Taking all the circumstances into consideration, the Government of India felt convinced that a very special effort ought to be made in 1927-28 on Bombay's behalf. It would not have been expedient

to it. But a small body of irreconcilables subsequently began to re-organize their societies. The earlier stages of the non-co-operation movement, with its emphasis on non-violence, placed a considerable obstacle in their way. Mr. Gandhi's ideals and personality captured the imagination of the emotional middle class youths of

Earlier History.

Bengal to whom the terrorists have always looked for their recruits. They themselves, however, still retained their faith in the efficacy of assassination as a political weapon. In and after 1922, it was gradually realised that the policy of non-co-operation had failed to achieve the ends to which it was immediately directed. The terrorists thereupon came more into the open, and began, in opposition to Mr. Gandhi's own declarations, to preach the necessity of violence. The two main terrorist organisations were now fully resuscitated, and new members in large numbers were recruited. Arms and ammunition partly of a kind which cannot be purchased in India and must thus have been smuggled from abroad, were collected, a new and dangerous type of bomb was manufactured and projects for the assassination of certain police officers were devised. At the same time, there appeared in the press an ever-increasing flood of articles in praise of the older revolutionaries. In May, 1923, there came an outbreak of political dacoity culminating in assassination, and in the looting or attempted looting of two Post Offices. The attempt of Government to bring certain persons to book in what is called the Alipur Conspiracy Case failed, owing to the general atmosphere of intimidation and to the fact that much of the evidence in possession of the authorities could not be placed before the court without danger to the lives of those who had provided it. Accordingly, it was found necessary to intern some of the accused in that case under Regulation III of 1818, but the movement was only temporarily checked by this action. In December a serious dacoity was perpetrated by armed middle-class youths at Chittagong, followed by the assassination of a Sub-Inspector of Police who had arrested one of the accused. In January, 1924, Mr. Day was murdered in broad daylight in Calcutta in mistake for the Commissioner of Police. And in April a similar attempt was made

Events in 1924.

upon the life of Mr. Bruce. In March, a bomb factory was discovered in Calcutta, and evidence came to light of the existence of another at Faridpur. In July, a member of the party was arrested in Calcutta with a

ignorance, in the widening of the opportunities for a good life for many crores of the people of India "

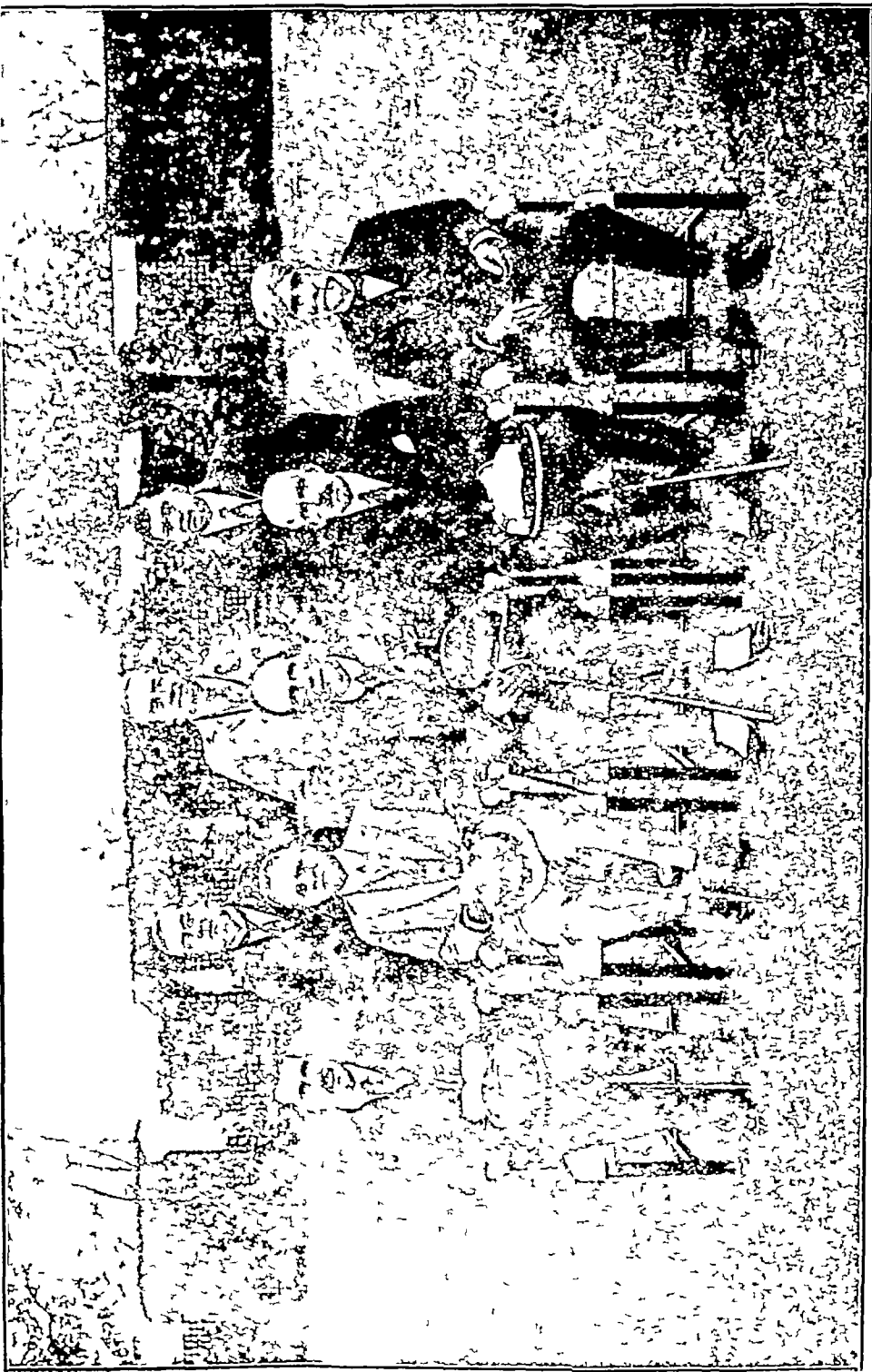
The manner in which this Budget was received by a large part of the Indian press is a striking commentary on one aspect of the Indian political situation. It is impossible to doubt that every educated Indian in the land, no matter what his political party, has ever since the year 1920 when the Meston Committee laid down the scale of the contributions to be paid to the Government of India by the provinces, earnestly desired the remission of these contributions and has seen in them a grave obstacle to the progress of the province to which he belonged. This is proved by thousands of public speeches and newspaper articles, and by the debates which have taken place on many occasions in one or the other of the legislative bodies set up by the Reforms. A year ago even the most inveterate opponent of the Indian Government and all their ways could have scarce forbore to cheer such a budget as this, and yet, owing to the state of mind induced by the dispute over the highly technical question of the exchange value of the rupee, one Indian newspaper after another denounced this year's budget as a trap set to catch unwary legislators and force them to vote for the Government's Currency proposals, the remission of provincial contributions with all its benefits being the bait with which the trap was set. Of the immense promise of the budget for the future welfare of the provinces and their people, and of the devoted labour and masterly skill which had made such a budget possible only a few years after those which seemed to show that India was heading for national bankruptcy, hardly any Indian newspaper cared to speak. In fact the whole discussion of this year's budget by the Indian press is one of the curiosities of politics.

The members of the legislature were given three days this year to study and digest the budget between its presentation and discussion. For it was presented on February the 28th and on March the 3rd the general discussion began and continued over the following day. The discussion made it quite clear that the Swaraj-Congress and Nationalist Parties had determined to persevere in their opposition to the Government over the Currency Bill, even though their success should make the remission of provincial contributions impossible for an indefinite number of years. Their prominent spokesmen criticised Government policy in respect of Military Expenditure and the transfer of certain items of expenditure from

tal duty of Government is to preserve public security on which political advance and all the functions of a civilized social organism depend. And, as it is manifest that sound and permanent political progress cannot be accelerated by violence or threat of violence, so also I deem it my duty and the duty of my Government to see that no violence or threat of violence shall operate to retard it. I and my Government will therefore proceed as we are doing along the line of political development laid down in the declared policy of Parliament reaffirmed by His Majesty's Government. Acting with these objects and these intentions, I believe myself and my Government to be entitled to the support and co-operation of all those who have truly at heart the peace, the prosperity and the political future of India."

Generally speaking, there was little disposition in responsible quarters to deny the existence of revolutionary conspiracy, or to question the facts put forward by the authorities in defence of their action. There was, however, a considerable amount of scepticism as to whether the Ordinance was really required, combined with comment on the failure of the Government of India to take the Legislative Assembly into their confidence. The reply to the latter charge was that the whole purpose of the Ordinance would have been frustrated had the suspects been put on their guard by a previous discussion in public, and to the former, that the ordinary purposes of law required for their proper operation an atmosphere of tranquillity which was not existent. Vigorous protests were raised by many sections of political opinion, but it is to be remarked that the issue of the Ordinance did not entail any widespread political agitation. The action of the authorities, in short, while it did not command support from those sections of Indian public opinion which are most vocal, failed to bring upon the heads of Government that fierce general denunciation which its opponents anticipated. As we pointed out in last year's Statement, the issue between the authorities and the anarchists is still somewhat clouded in the eyes of certain persons first by the consideration that the anarchists are fellow-Indians while the Government is regarded as alien, and secondly by the fact that revolutionary crime, which scarcely touches the majority of the public, is not connected in the popular mind with those dangerous implications which cause the authorities to regard it so gravely.

**Revolutionary Crime
and the Public.**



LORD IRWIN AND HIS EXECUTIVE COUNCIL

Seated, left to right—Sir Basil Blackett K.C.B. H. E. Field Marshal Sir William Birdwood, Commander-in-Chief in India, H. E. the Viceroy, Sir Charles Innes K.C.S.I., C.I.E., I.C.S., and Khan Bahadur Sir Muhammad Habibulla, K.C.S.I

Standing—Mr S R Dass, Sir Alexander Muddiman, Kt, C.S.I, C.I.E., and Sir Bhupendra Nath Mitra, K.C.I.E

for the purpose of depriving His Majesty the King-Emperor of the sovereignty of British India. The final remarks of their Lordships the Chief Justice and Sir Theodore Piggott may be quoted —

“Although there is no plea against the severity of the sentence in the memorandum of appeal something was said in argument

before us as to the general futility of their

Judgment of the Court. proceedings, the apparent absence of any-

thing like tangible results endangering the public security, and the suggestion was at least thrown out that their proceedings were

more deserving of contempt than of prosecution and punishment.

This plea does not impress us. It happened that the close personal

attention given to their activities by Col. Kave and the remarkable

efficiency of his department frustrated and hampered them at every

turn. Their proceedings were known from day to day, and when

the evidence against them was complete their arrests followed.

Absurd and unbelievable as their aspirations were, the fact

remains that each of these men entered into and carried on this

conspiracy with each other and with Roy in the most serious spirit.

Whilst the conspiracy had for its principal object the overthrow

of British rule in this country the conspirators looked even beyond

this. Exhibit 9, 9a, 11, 12, the pamphlet ‘What do we want’,

and many other documents set out clearly what they aimed at

achieving and how they hoped to achieve it. British rule, govern-

ment by upper and middle class Indian alike, were to be swept

away, the confiscation of property was to be wholesale. A

‘People’s party’ was to be the initial step, having a public pro-

gramme designed for their betterment which in no way offended

against the law. Within that apparently harmless body ‘illegal’

activities were to be prosecuted by an inner party consisting of

‘all the revolutionary nationalists. Violence and destruction of

property were to be encouraged and conflicts to be precipitated.

At the propitious moment, resources and armed help were to come

from the ‘Universal revolutionary party’, i.e., the Communist

International. Throughout the whole of this fantastic scheme no

calculation is made of, no thought apparently given to, the forces

which British and Indians alike would array against an enemy

bent on their common destruction. In the event of the overthrow

by force of arms of the British Government, the revolutionaries

proposed to sweep away all Indian political groups and labour

organizations which did not come into line. The power of upper

prisoners, the provision of separate accommodation for prisoners under trial, the institution of the star-class system, and the abolition of certain practices which are liable to harden or degrade the prison population

The effect of these recommendations, when carried out, will be to place India thoroughly abreast of the leading developments of penology in other countries

Action upon the Report. Action is now everywhere being taken to carry into effect the proposals of the Jails Committee

Unfortunately, in the majority of Provinces the process has been hampered by financial stringency, for many of the changes advocated entail heavy expenditure

Generally speaking, however, good progress has been made

Overcrowding, which was noticed by the Committee as a serious defect in several provinces, has now very largely been remedied

Fresh rules have been drawn up to govern such matters as jail punishment, and the infliction of whipping is carefully regulated

Solitary confinement has been abolished as a prison punishment, the remission system has been improved, and attempts are now being made to teach the convict a trade which will assist him to become a useful citizen when he serves his sentence

Special Committees have been appointed in several Provinces to advise Government as to the religious needs of the various communities represented in the jail population

Additional Juvenile jails have been instituted, and where financial stringency makes such provision impossible, arrangements are made for the release of child offenders on bail under the custody of their parents

Among the improvements which have been generally effected, mention may be made of facilities in regard to earning remission of sentence, the separation of under-trial prisoners from the surveillance of convict officials, the institution of libraries for prisoners, and the reformation of rules regarding the habitual criminal

In several Provinces, Advisory Boards have been constituted to review periodically the sentences of long term prisoners

It is to be noted that the major portion of these reforms have been carried through by the initiative of the provincial Governments, the Government of India having for the most part confined their attention to laying down certain general principles in regard to which uniformity is possible

Early in 1925, the Central Administration introduced into the legislature a measure to modify the Indian Prisons Act, 1894, in certain directions recommended by the

under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax, be taken into consideration'' The amendment made by a Swarajist Member to refer the Bill to a Select Committee was negatived without a division. Clause (2) of the Bill contained the provision for the taxation of salt to stand at the figure of Re 1-4 per maund, and to this clause certain amendments were moved with the effect of reducing the tax to a lower figure. The effective amendment was moved by a Swarajist Member, who wanted to lower the salt tax to exactly half of its present figure, namely, 10 annas per maund. The importance of this amendment will be readily seen when it is realised that its acceptance would mean a loss of revenue to the Government of 312 lakhs of rupees, and further that this loss of revenue would have to be adjusted by reducing the remission of provincial contributions by an equal amount. The acceptance of this amendment, therefore, would destroy at a stroke the greater part of the benefits to the provinces which the Government of India was now in a position to confer after years of skilful and devoted nursing of their finances. It can hardly be argued that the benefits of reducing the tax on salt by $\frac{1}{2}$ th of a penny per lb are equivalent to those which will accrue to the provinces from the remission of provincial contributions, but, although this consideration was plainly present to the House, the amendment was declared carried in a thin Assembly by 50 votes to 48. The division partook rather of the character of a snap vote for the final division on the hotly contested Currency Bill was taken immediately before the debate on the Finance Bill began, and a number of Government supporters, particularly Mohammadan supporters, who were keeping the very exhausting Ramzan Fast in weather which had by this time become distinctly hot, had left the House. In spite, however, of the character of the division and the very important issues involved, the Government of India did not intend to certify the tax, but to leave it to the Council of State to restore it or not as they thought fit. If the Council of State restored it, then the Legislative Assembly would, of course, have another opportunity to consider it. The Council of State disagreed with the Legislative Assembly over the respective values of the remission of provincial contributions and the somewhat shadowy relief which would be afforded by halving the salt tax.

supervision of probation officers. In many places it has been found possible to appoint honorary visitors of the various jails, and the ministrations of religious preachers is now everywhere spreading. Since the success of the Jail Department on its reformatory side depends ultimately upon the measure of support which the general public evinces in such activities as those just described, it is unfortunate that patriotic persons do not display greater interest in this matter. There are, however, signs that the welfare of the prison population is coming to be recognised among the legitimate objects of philanthropic endeavour.

During the last few years, the Jail Departments of certain Indian Provinces have been exposed to a severe strain owing to the sudden

emergence into prominence of a new element
"Political Prisoners" loosely called "political" prisoners. A large proportion of these were followers of the non-co-operation movement, arrested and sentenced for defiance of authority. They included persons from almost all classes of society, but were in general of a type very different from that of the customary jail population. The difficulty of dealing with this influx of individuals, many of whom claimed to be acting for conscience's sake, was enhanced by the fact that the Indian jail authorities are, as a rule, accustomed to a prison population of rough, illiterate, and dangerous men. Hence, for the mere safety of the jail, strict discipline has to be maintained. Somewhat naturally, the majority of these "political" prisoners did not appreciate the necessity for many of the regulations to which they were expected to conform, and before long, public opinion was moved by exaggerated stories as to the hardships inflicted upon them. From a very early date, the authorities devoted considerable attention to this problem. It was, of course, impossible that all these prisoners, irrespective of the exact nature of the offences for which they had been sentenced, should be treated somewhat in the fashion of honoured guests of the Government. But nothing short of this would have satisfied a large and vocal section of the educated classes. The Government of India, after conferring with representatives of local Governments, issued general instructions to enable prisoners convicted of certain offences to be accorded special treatment. These instructions, however, applied not only to the case of men sentenced for offences connected with political movements but to all prisoners fulfilling certain prescribed conditions. It was laid down that each case was to

and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange, be taken into consideration " The Finance Member explained the principle of the Bill, which was that the time had come to stabilise the rupee at a fixed gold value and for that purpose to impose, for the first time in Indian financial history, a statutory liability on the Currency Authority to maintain the rupee at this fixed ratio to gold Before the Great War there had been no statutory provisions to prevent the rupee from falling below a fixed ratio of gold so that the link between the rupee and gold was imperfect The present Bill, the Finance Member was careful to explain, was no more than a transitional measure intended to be operative only during the period between its passing and the time when the gold standard and Reserve Bank Act, which will be described in Chapter V, should come into operation The Indian Government proposed in the Currency Bill to stabilise the rupee at a ratio equivalent to 8 47512 grains of gold, that is, the ratio corresponding to a value of 1s 6d gold per rupee It was over this proposal that one of the fiercest controversies in recent Indian history had been raging for some months and on it was concentrated the attention not only of every member of the Legislature—whether Government or non-official—but also of a great part of the Indian public In fact, making an allowance for the differences between the general level of education of the people of the two countries, the great ratio dispute was to India, during the latter half of 1926 and the first three months of 1927, what the great bimetallism controversy was to America in the nineties of last century with Sir Purshotamdas Thakurdas taking Mr Bryan's part as the wholehearted antagonist of the Government's Currency Policy Just as Mr Bryan talked picturesquely of mankind's being crucified on a cross of gold, whilst his followers demanded " the dollar of our daddies " so Sir Purshotamdas Thakurdas, or, at any rate, his chief economic advisers, talked of disease and death to millions from the adoption of the ratio proposed by the Indian Government, and their supporters claimed the " natural " ratio of sixteen pence gold The speech in which Sir Basil Blackett put his motion to the House had little of the picturesque but was a master-piece of lucid exposition and close reasoning He showed that any reversion to the ratio proposed by the opponents of the Bill could only be effected by violent

ties So flagrant in some cases were the allegations made against the character and the conduct of the jail officers concerned, that proceedings were taken in vindication of their character Quite apart from the attack and the criticism to which the Jail Administration of certain Provinces has been subjected owing to the "political" prisoners, there has been a further regrettable consequence to the system as a whole The differential treatment accorded to privileged prisoners has been attended with unfortunate consequences, in some places at least, to the general discipline, especially as the authorities were reluctant to take strong measures against men of refinement and education Fortunately, with the subsidence of political excitement, the crisis shows signs of passing With the exception of the Sikh volunteers, who are still offering themselves for arrest in large, if decreasing, numbers, the proportion of persons who have been sentenced, during the period we are now reviewing, to terms of imprisonment for offences arising out of political movements, is greatly reduced

One of the branches of the Administration which most directly concerns the ordinary citizen, is the machinery of civil justice

Civil Justice

Litigation is perhaps more popular in India, having regard to the general poverty of the inhabitants, than in many other countries During the year 1922, for example, the number of suits before the Civil Courts amounted to no less than 26 millions This figure does not include suits decided by Village and Panchayat Courts, which numbered during the same period 198,000, and suits tried by special revenue courts amounting to 755,000 For some time, there have been widespread complaints as to the delay attending the disposal of suits, and the arrears into which the judicial work of the civil courts has fallen Speaking in October 1923, Lord Reading said "After my arrival in India, when there had been time to make an examination, I was deeply impressed with the delays occurring under the present system in the administration of civil justice and specially in the recovery of the fruits of a decree by execution These defects attracted my attention through the complaints of commercial bodies, through the observations of the Privy Council in the cases coming before them, through the observations made by members of the judiciary and the legal profession and through actual instances coming to my notice in the routine of administration The flaw seemed to me

manner that the case for 1s 6d has tended to be forgotten. If my analysis of the position as given above is at all correct, the reason for this tendency is clear. The *de facto* ratio holds the field, has held the field for nearly two years, is working reasonably well, has brought about stability and increased confidence all round, has helped enormously to restore balance and stability to budgets and in a special degree to secure for the agriculturist a fair price for his produce. And the onus of proof that some other ratio ought to be substituted for it rests with the advocates of that other ratio. There is no real onus on the supporters of the *de facto* ratio to prove the case for maintaining it. It is for its opponents to show cause for upsetting it. I think it will be useful, if I proceed to state the case for 1s 6d. In a speech which I made in Calcutta in December last before the Indian Chamber of Commerce I summed up the case for 1s 6d in eleven points. None of these have since been seriously challenged. I repeat them here and challenge any economist in the House to find any flaw in them. They are as follows —

- (1) “The silver rupee has no natural value other than the value of the silver bullion which it contains. Any other value than this for the silver rupee must be artificial.
- (2) No one ratio for the rupee can possibly be permanently more advantageous for India than another. The question is not, and never can be, whether one particular ratio, say, 1s 6d, is permanently more advantageous for India than some other ratio, say 1s 4d or 2s.
- (3) All arguments based on the belief that the fixation of one particular ratio is definitely and permanently advantageous or disadvantageous to this or that interest are entirely irrelevant.
- (4) A rising rate of exchange tends temporarily to assist imports and discourage exports, but this tendency is often counteracted, in whole or in part, by movements in world prices as happened in the case of India from 1922 to 1925.

proposals for relieving the pressure which at present weighs down judicial officers. Alterations have been suggested in the jurisdiction of the lower courts, and an increase in the number of courts in places where judicial officers are overworked. In general, the proposals follow the line of devolution. The development and grant of exclusive jurisdiction to village tribunals is recommended, with a view to relieving Munsifs and Small Cause Courts of all simple money suits of small value. Proposals are made for the grant of wider jurisdiction to the courts of Subordinate Judges and Munsifs, so as to afford relief to courts of District Judges, and also to certain courts in Madras, Bombay and Rangoon, with a view to relieving High Courts on the Original Civil Side. It is suggested that Registrars should be appointed at Headquarters to relieve the District Judges of administrative and miscellaneous duties, and to act as the head of the unified offices of all courts situated in the District Headquarters. The Committee also dealt with the qualifications of judicial officers, and have put forward valuable suggestions with the object of increasing their competence and efficiency. Other suggestions deal with the legal profession itself. Among these, there is a proposal to proclaim touting as a penal offence, and to provide reasonable and just remuneration to both senior and junior pleaders in important cases. For the handling of commercial cases, the Committee has recommended the training of selected officers in commercial law and practice, if possible in England, and in other cases in the courts of the Presidency towns, where commercial cases are common. Proposals are made for the restriction of the right of a third appeal from decisions of the Chartered High Courts in second appeals which are now admissible under the Letters Patent, and also for requiring appellants in second appeals to deposit security for the respondent's costs. Emphasis is laid upon the importance of inspections by High Court Judges in districts, so that personal guidance may be given, and Judicial officers, found responsible for indolence or perversity, may be brought under suitable discipline. Among the most valuable portions of the Report is an examination of the general conditions of work in each High Court in all its aspects. It is greatly to be hoped that as a result of this remarkably comprehensive survey of the machinery of civil justice in India, action will soon be taken to remedy the delays of which there has lately been so much complaint.

mended the latter because it was the *de facto* ratio. Continuing, the Finance Member argued that no ratio could possibly be permanently more advantageous than another for India. By far the greater part of the case of the opponents of the present Bill was made up of the alleged evil effects of the higher ratio on the agricultural interest and it was assumed that an agriculturist who sold his produce for export got $12\frac{1}{2}$ per cent more for it with a 1s 4d rupee. In reply to this the Finance Member showed that nothing whatever was gained by the Indian exporter if he received in payment for his produce a larger number of rupees of less value instead of a small number of rupees of greater value if the gold or commodity value of what he received remained unaltered. The House must remember, he said, that under a gold standard all that mattered was the gold value of the money, and most of the fallacies of the Currency League were due to their thinking and talking of the rupee in relation to sterling. Sir Basil added that the smaller number of rupees received under the higher ratio had exactly the same purchasing power as the larger number of rupees which would be received under the lower ratio and therefore all that could happen as a result of lowering the exchange ratio would be that a period of instability would ensue, during which some would suffer losses and others would make profits, and if past experience was any guide, the people who suffered most would be the agriculturists. The decisive question in this controversy was whether prices had in preponderating degree adjusted themselves to the *de facto* ratio of 1s 6d. If they had, then the Currency Commission, including Sir Purshotamdas Thakurdas himself, were unanimously in favour of stabilising at 1s 6d. He argued that it could not be seriously doubted now that prices had so adjusted themselves. The case for a 1s 4d rupee, which had been so fully presented by Sir Purshotamdas in his minute of dissent was based entirely on the argument that the adjustment of prices to the prevailing ratio of 1s 6d was incomplete and that it was not too late for the Indian Government to adopt the lower ratio. The Finance Member then showed that some of the strongest advocates of the 1s 4d ratio admitted that it was less to try to argue that prices had not adjusted themselves in preponderant degree to the 1s 6d ratio. "And what", "does the admission, that prices have adjusted themselves in preponderant degree, mean? It means that there

for Bombay and Karachi by the Bombay legislature Both Bombay and Calcutta passed Rent Amendment Acts Acts fixing the salary of the elected Presidents of the respective legislatures were passed by Madras, the Punjab, and Assam Among miscellaneous measures we may notice a Stamp Amendment Act and Motor Vehicles Taxation Act in the Punjab, a University of Rangoon Amendment Act and a Rangoon Development Trust Act from Burma, an Aerial Ropeways Act from Bihar and Orissa One advanced piece of social legislation, which excited a considerable sensation during 1924, was the Hindu Religious Endowments Act passed by the Madras legislature This caused much heart-searching in the orthodox quarters, for its intention was to regulate the great endowments of certain religious institutions and to apply the profits under State control to benevolent activities The measure entailed a considerable amount of correspondence between the Government of India and the Government of Madras, the Governor of Madras found himself unable to assent to the Bill as originally passed, and returned it for reconsideration, recommending certain amendments which the Council accepted As finally passed the measure received His Excellency the Viceroy's assent on the 29th December, 1924

In the Central Legislature the law-making work of 1924 was, with certain notable exceptions, of less importance than that of previous years In the Delhi session of 1924, **Central Law-Making** attention was devoted to a measure introduced **Delhi Session 1924** as the result of the passing in the preceding session of an Act XX of 1923—to give effect to certain resolutions adopted by the International Convention for the suppression of traffic in women and children The limit of minority for the purposes of the new offence created by that Act had been fixed at 18, but Government considered it inconsistent that this age should be adopted in respect of the new offences while that of 16. **Prevention of Traffic in Women and Children** was retained in respect of certain old-standing offences of a somewhat similar nature They had, therefore, secured the insertion in the Bill which became Act XX of 1923 of a commencement clause to enable them to postpone bringing the new Act into operation until they had consulted local Governments In the opinions which had been received, Government found a sufficient body of convinced public support to warrant their proposal to apply one uniform age of 18 years to all these offences Accordingly, a Bill was introduced to give effect to this

the Index number for which has recently come more into equilibrium with other commodities, the following figures supplied to me by a firm in Bombay will show how unimportant exchange has been as a factor in prices as compared with other factors

Date	Liverpool Futures March delivery	Fully good Bengal	Exchange
21st December 1920	10 57 <i>d</i>	Rs 215 per candy of 784 lbs	10 $\frac{1}{2}$ gold
28th February 1921	6 80 <i>d</i>	Rs 185 " "	10 $\frac{2}{3}$ gold
25th January 1927	7 18 <i>d</i>	Rs 230 " "	1/6 gold

It will be seen that in spite of a rise of nearly 50 per cent in the gold value of the rupee, the rupee price of cotton so far from falling has risen appreciably "

In conclusion, Sir Basil Blackett summed up in seven questions the whole case against the 1*s* 4*d* ratio and he asked, " What possible reason is there why the whole equilibrium which we have now reached after painful years of struggle should be upset simply in order that after several years more of suffering and needless losses we may gradually restore a new equilibrium with exchange at 1*s* 4*d* instead of 1*s* 6*d* for the permanent benefit of nobody?

After this full presentation of the Government case, a brisk debate took place. It was started by Pandit Madan Mohan Malaviya, who went into the history of Indian currency at some length and contended that the Government proposals were framed for the advantage of British interests. But the most important speeches in opposition to the Bill were delivered by Sir Victor Sassoon and Sir Purshotamdas Thakurdas, the two chief antagonists of the 1*s* 6*d* ratio. Sir Victor Sassoon said that after some months of intensive study he still could not understand how the stabilisation of the rupee on the ratio proposed by the Government could benefit either the latter in their annual sterling remittances to England or the great bulk of the people of India in the matter of the lower cost of living to the extent alleged by the supporters of the Government proposals. If the benefits of an appreciated rupee were so great to India, Sir Victor said, a similar process would be ~~the same~~

amendment But the most important piece of legislation of the session, and indeed the measure which provided the *raison d'être* for the special meeting of the Assembly and the Council of State, was a Bill introduced by Sir Charles Innes, in pursuance of the

Steel Protection Bill. policy of discriminating protection of industries in British India, to provide for the fostering and development of the steel industry by increasing the import duties leviable on certain iron and steel articles and by enabling bounties to be given to manufacturers on certain articles In general, the Bill commended itself to the favour of the majority of the Assembly Opposition was, however, voiced from certain quarters A European elected member, Mr W S J Willson, complained of the haste with which the Bill was being rushed through the House, and contended that the proper form which the proposed assistance to the steel industry should take was a bounty basis Certain Labour representatives also objected to the measure on the score

Its passage into Law. that no adequate return to the consumer would be realised for the burden now about to be imposed upon him In Select Committee, certain changes of detail were made, the preamble was amplified and some modifications were adopted with the object of emphasizing the fact that while the protective duty would remain in force for three years only, a statutory obligation was to rest on Government to hold an enquiry during the course of the year 1926-27 as to the extent to which further protection was needed by the industry When the Bill emerged from Select Committee, a very large number of amendments had been sent in Many of these were ruled out of order and of those moved the majority were rejected Among those which commended themselves to the opinion of many Indian members was one which threatened the success of the whole Bill It proposed to limit the benefits conferred by protection to concerns of which at least two-thirds of the capital invested was Indian The same proviso was put forward in slightly less drastic form from several quarters, and eventually the discussion was adjourned to enable Government and the Opposition to come to an understanding This device was successful, the House agreeing, upon Government's assurance that there would be an *ad hoc* committee to go into the question of the proportion of the capital held by Indians in firms receiving the benefit of the protection, to adopt a new clause limiting the operation of the benefits to firms providing facilities for techni-

of a gold standard with a gold currency in circulation. He would take the former question first, and accordingly he asked the House to deal with clause 4 of the Currency Bill which raised exclusively the question of the ratio. The question therefore before the House was that clause 4 do stand part of the Bill. The effective amendment to this clause stood in the name of Mr Jamnadas Mehta, who moved it in a speech which was mostly made up of violent criticism of the personnel of the Currency Commission and the policy of the Government of India and Sir Basil Blackett in particular. Sir Walter Willson argued that prices had generally adjusted themselves to the 1s 6d ratio and pointed out that the members of the different Chambers of Commerce in India were the greatest exporters and importers and were also among the greatest debtors and creditors of the country. With one exception the Chambers of Commerce were in favour of the ratio proposed by the Government, and he ended his speech effectively by reminding the House that the Bengal National Chamber of Commerce which was formerly in favour of the lower ratio had changed its mind and now supported the higher ratio. Mr Ghanshyamdas Birla, Mr Jinnah, Mr Srinivasa Aiyangar, and Mr Gavin-Jones all spoke in favour of the lower ratio and Sir Purshotamdas Thakurdas replied at length to the eleven points which Sir Basil Blackett had raised in his speech on the previous day. Sir Basil Blackett waived his right to reply and Mr Jamnadas Mehta's amendment went to a division when it was lost by 68 to 65, the largest division hitherto recorded in the history of the Legislative Assembly. This was the end, for the time being, of the great fight over the rupee ratio. The opposition benches fought other clauses in the Currency Bill, but the Government majority grew steadily with each division and finally the Bill was passed by the Assembly with only one or two minor amendments. The Council of State passed it in the form in which it was sent up to them.

into consideration, and the Bill, as amended, was passed by the Assembly. A Bill to give effect to certain articles of the International Convention for the suppression of

Obscene Publications the circulation of and traffic in obscene publications, which was passed by the Council of State, was referred to a Select Committee by the Assembly. Among other measures mention may be made of a Bill to consolidate and amend the law relating to Government and other Provident Funds, which originated in the Council of State, and to which the Assembly made an important amendment. This was the omission of a provision designed to remove doubts as to the

Provident Fund. right of Government or the Railway respectively to withhold from a subscriber, who had been dismissed from service, that portion of his Provident Fund consisting of contributions credited to his account by the employer. The Bill as so amended was passed by the Assembly, but at the close of the period under review the amendment had yet to be considered by the Council of State. A Bill to amend the Imperial Bank of India Act came up before the Assembly when the report of the Select Committee

Imperial Bank. on the Bill was taken into consideration. This was passed with one official amendment to make it clear that the Bill had reference only to Banking Companies whose capital is expressed in rupees, and with one non-official amendment, which brought Co-operative Banks within the scope of the measure. Several interesting non-official Bills came up

Non-official Measures before the Legislature during the same session. On Sir Hari Singh Gour's motion to refer to a Select Committee his Bill to make provision for the better management of Hindu Religious and Charitable Trust Property, the House displayed considerable diversity of opinion. Ultimately, the motion was adjourned. The Bill to repeal certain provisions of the Indian Criminal Law Amendment Act previously

Bill to repeal Criminal Law Amendment Act introduced by the same member also came up before the Assembly, and, despite the opposition of Government, was taken into consideration by 71 votes against 39. It was eventually passed by that chamber, despite the arguments of the Treasury Benches, by a considerable majority. Mr. K. Rama Iyengar's motion to refer to Select Committee his Bill to amend the Registration Act, 1908, was accepted by the House, despite official opposition. Mr. Rangachariar's Bill to regulate the

the people are able to compel the executive constantly to justify their actions and they make an excellent instrument for bringing changes and developments in public opinion on specific subjects to the notice of the Government

The Resolution recommending the release of the Bengal detenus has already been noticed and the press of other business during the session was such that only three other resolutions were moved—one by the Government and two by private members. The Government's resolution was moved on March the 24th by the Home Member, Sir Alexander Muddiman, and related to the enhancement of the salaries to be paid in the case of future appointments to the two members of His Majesty's Privy Council with Indian experience who sit on the Judicial Committee to hear Indian appeals. This Resolution had been moved originally during the Delhi Session of 1926, but had failed to commend itself to the Assembly. The Home Member gave striking figures showing the vast share of the work of the Judicial Committee of the Privy Council, which was devoted to appeals from India and stressed the necessity for paying reasonable salaries in order to induce lawyers of eminence to accept the posts. The opposition to the resolution took the form of insisting on Government's giving a guarantee to appoint only Indians to the Privy Councils, or else recommending that the functions of the latter be transferred to a Supreme Court in India. Some members objected to the additional expense to the Indian revenues involved in this resolution whilst one member was afraid that the enhancement of the salaries as proposed would lead to a scramble for the posts and the appointment to them of persons of inferior character. However, when the resolution was put to the vote it was accepted by a majority of one.

Of the two non-official resolutions moved in the Legislative Assembly, the one to be described here will be discussed in conjunction with a similar resolution moved during the same session in the Council of State, for both of them illustrate in interesting fashion that spirit of particularism in Indian politics which has survived the centralising influence of both Mogul and British rule. The resolution which was moved in the Assembly, in effect asked the Governor General in Council to devise some scheme for grouping the different tracts in which the Oriya language is spoken which are at present divided between different provinces under one administration. In last year's report mention

CHAPTER III.

Economics.

India, in common with other countries, has suffered derangement in her economy from the aftermaths of the war. This fact was reflected in an era of five years of unbalanced budgets. But financial equilibrium has been restored, a steady revival in trade has taken place, and her prospects of commercial and industrial expansion are now extremely favourable.

Certain general conditions which regulate the finances of the country require a short explanation. India has large commitments in London, which require annual payments of from £25,000,000 to £30,000,000. The major portion of this sum represents the interest on capital which India has borrowed for the purpose of internal developments, whence she derives great profit. A second item is payment for Government stores which cannot be obtained in India. This head is destined gradually to disappear as the new policy of purchasing in India gains ground. Already strenuous efforts have been made to reduce it. Third come the payments made to England

Commitments in England

for the leave allowances of Government servants and for their pensions after they have retired. Fourth is the cost of maintaining the High Commissioner for India, who discharges functions in England similar to those of High Commissioners representing the self-governing Dominions. Occasionally, these commitments in London are swollen by special items. For example, the revised estimates for the year 1924-25 provide for a total disbursement by the Secretary of State and the High Commissioner for India of a sum of £56 millions. Of this amount £18·5 millions represents the East Indian Railway Debentures taken over by the Secretary of State on termination of the Company's contract. Other items are £7·5 millions on account of railway capital outlay, £2·6 millions representing expenditure on behalf of Provincial Governments, and £2 millions for the discharge of Debentures and Issues under deposits and advances. The net expenditure of the Government of India in England, in excess of revenue there received, accounts for £25·5 millions.

ficent irrigation schemes in the whole of India and had recently obtained a separate university. In the first two ministries under the Reforms in Madras, the majority of the Ministers were from the Telugu country and the record of the debates in the Madras Council showed that Telugu questions had received full attention. Mr Haig, the Home Secretary, replying for the Government showed that the framers of the Government of India Act contemplated that the initiative in the matter of changing the boundaries of a province should come from the Provincial Legislative Council and the people immediately concerned, and he doubted whether such a scheme as that proposed in the resolution really would meet with the approval of the Telugu people. He said that the tie of language was not the only condition to be observed in considering such a problem as this and he advised the Council to put it in its proper perspective against its economic factors which are of vital importance. The resolution was lost by 28 votes to 11.

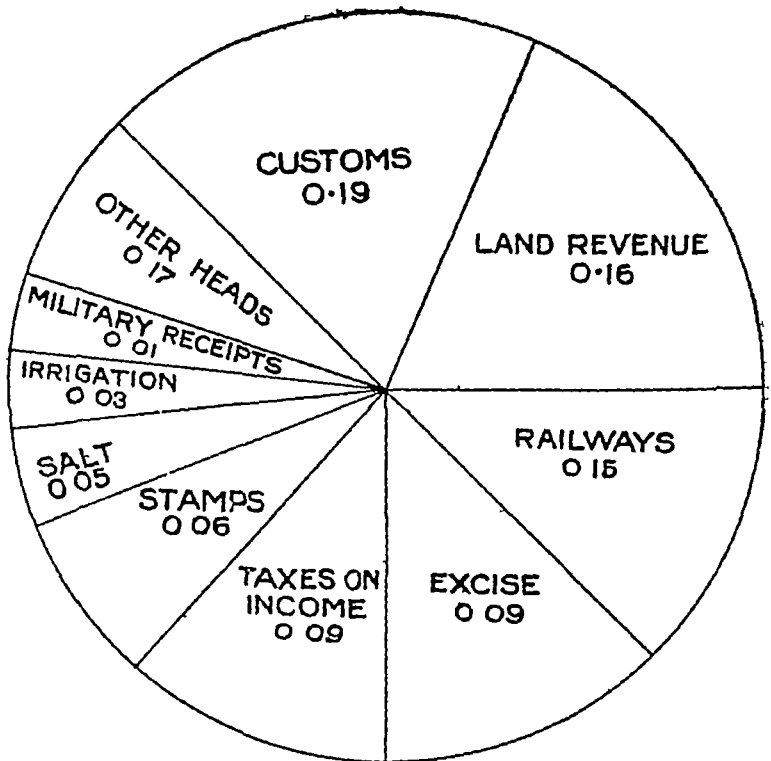
Whilst we are discussing the resolutions moved during the session, it may not be out of place to mention one which was not moved. Two elected members of the Assembly, one belonging to the Swaraj-Congress and the other to the Nationalist Party had given notice of their intention to move a resolution embodying what is known as the 'national demand,' which was raised originally by a resolution in the Legislative Assembly in February, 1924 and repeated in September 1925. Its gist is that steps should be taken immediately to move His Majesty's Government to declare in Parliament that such fundamental changes would be introduced into the constitution and administration of India as would make her Government fully responsible. It became known, however, that the Mohammadans would move an amendment to the national demand asking for certain safeguards for the minority communities, and as this might have led to an embittered debate on communal lines, the resolution containing the demand was not moved.

The Council of State had not to face such a crowded session as the Legislative Assembly and its work was carried on in a less disturbed atmosphere. The storms which raged in the Legislative Assembly over the Currency Bill, the Steel Protection Bill and the Finance Bill, had spent their force by the time they reached the Council. The Currency Bill, for example, was passed.

DIAGRAM No. 2.

How each Rupee of Revenue was made
up in India 1923-24

(Provincial and Central Together.)



The Rupee of Revenue 1923-24.

[The basis of reckoning is the same as that on which the accounts and estimates are prepared, working expenses of the Railway, Irrigation, Posts and Telegraph Departments, refunds and the like being deducted from revenue and not treated as expenditure]

Another resolution of obvious importance was moved in the Council on February the 9th by the Honourable Mr Mahmood Suhrawardy in the following terms —

“ This Council recommends to the Governor General in Council that the proceeds of taxation on motor transport be earmarked in a separate account for Road Development and that a Central Road Development Fund under the Government of India be formed out of which yearly grants be made to each Local Government according to its needs and necessities for the development of quicker transport in rural areas for the benefit of the agriculturist in India ”

Mr Suhrawardy expounded his theme in a very interesting speech in which he showed the necessity for, and the benefits which would result from, the adoption of such a special scheme for road development as he had outlined. The Honourable Sir Arthur Froom, whilst agreeing with the object of the resolution, preferred to word it somewhat differently and he moved an amendment asking the Governor General in Council to appoint a Committee from both Houses of the Central Legislature to examine the desirability of developing the road system of India, the means by which such development could most suitably be financed and to consider the formation of a Central Road Board for the purpose of advising in regard to, and co-ordinating the policy in respect of, road development in India. Sir Charles Innes, Commerce Member, addressed the Council and gave a valuable account of earlier proposals to form a Central Road Board. He said that the Committee which was proposed in that amendment might perform a very useful function by thoroughly exploring this difficult and very important subject. “ If,” he concluded, “ my honourable friends opposite will only understand that we must safeguard our position *vis-a-vis* Local Governments and that we must consider carefully whether they will require to be consulted before we appoint this Committee, then, subject to that reservation Government will be very happy to accept the amendment ” Mr Suhrawardy, the mover of the resolution, agreed to accept the amendment, which was then adopted without a division.

One of the most important resolutions of the session was moved by Sir Sankaran Nair on March the 16th when he asked the Council to recommend to the Governor General in Council that no further

the deficit has had to be made good by contributions from the Provinces. These contributions are based upon the report of a Committee presided over by Lord Meston.

Provincial Contributions January, 1920, which recommended that the Provincial Governments should contribute annually Rs 9 83 crores to the Government of India. The recommendations of the Committee were revised and, to some extent, altered by the Joint Select Committee of both Houses of Parliament. It was finally settled that from the year 1921-22 a total contribution of Rs 9 83 crores or such smaller amount as might be determined by the Governor General in Council, should be paid by the Local Governments.

Provision was made for reduction when the Governor General in Council fixed as the total amount of the contribution a sum smaller than that payable in the preceding year. Unfortunately, the separation between Central and Provincial finances, which might normally have been expected to benefit each party to the bargain, occurred at a time when both the Central and Local Administrations were suffering from a period of financial distress. This was due in part to rising prices and in part to the increased cost of the more elaborate machinery required by the reformed constitution. Politically, the consequences have been somewhat serious. The hope that the resources of the Provinces, increased as a result of the new financial settlement, would assist them in finding money for large schemes of economic and social progress, has been deferred. Since it is upon progress of this kind that the success of the reformed constitution largely depends, considerable dissatisfaction has resulted.

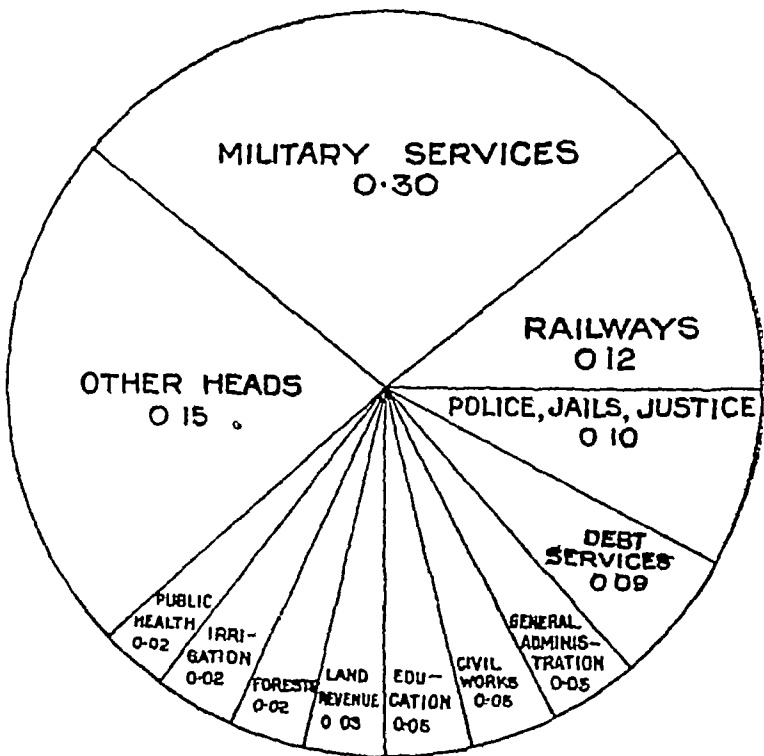
Financial Stringency and its effects. The Ministers in charge of "nation-building" Departments have not been able to effect the expansions which educated opinion has for long insistently demanded. It will thus be apparent that financial stringency has imposed a severe handicap upon the early years of the reformed regime. In addition, as is only natural, there has grown up in the provinces a strong feeling against depleting local finances by subventions to the Central Government. Certain Provincial Administrations have found themselves unable to balance their budgets under the existing arrangement, and since 1922 no contribution at all has been realised from Bengal. This was, indeed, an exceptional case, for the province in question had been recommended to the special consideration of the Government.

of the system. He then went on to contrast the western and the Indian conceptions of political majorities and minorities, showing how according to the former majorities tended to change into minorities and these in their turn again into majorities, and he said that when this western conception had become generally accepted in India, then the time would have come when communal electorates could be abolished. Next Sir Alexander made some very important observations on the subject of the devolution of power to the people under the present constitution and the effect of this in exacerbating communal feelings. "Power has begun to be exercised," he said, "by the representatives of the people, power has begun to be exercised by the representatives of the individual communities concerned, and it is the exercise of those powers by those individual communities that has given the edge to the present tension that exists. Among the educated it is possible—though when I read some of the speeches in the papers I find it difficult to believe that the differences between the educated are in these matters confined to what I might call parliamentary feelings—but I will assume for the purposes of my argument that among the more highly educated it is the struggle for political power that has begun which concerns the differences. The minority community—whatever it may be—is determined to see that it does not get lost in the general struggle. However, when I turn from the educated to the uneducated, it is quite clear that other feelings are at work. The feeling that spreads down spreads down in a different form. It takes this form, the feeling that the other community—to use a colloquial expression—is doing them in the eye. That causes unrest and discontent to your uneducated classes, and when you have, as you have in the Hindu and Muhammadan communities, causes of quarrel at hand where anybody wishes to quarrel, you have not far to seek for the causes of communal strife. To put the blame on separate electorates alone is to take a small issue for

DIAGRAM No. 3.

How each Rupee of Expenditure was made
up in India 1923-24.

(Provincial and Central Together.)



The Rupee of Expenditure 1923-24.

[For the basis of reckoning *vide* footnote to Diagram No 2]

ernments might lead to lasting friendship between the two countries following a satisfactory settlement of any questions between them, which might be outstanding. No less than sixteen other non-officials congratulated Lord Irwin's Government and Sir Mohammad Habib Ullah and his Deputation on the great skill and tact which they had displayed in handling a difficult and delicate situation and in achieving results which reflected credit on all concerned. Mr Ramadas Pantulu, the leader of the Swarajists in the Council of State, whilst acknowledging the beneficial provisions in the agreement, asked his audience not to forget its dangerous points, particularly its insistence on Western standards of living. The Government of India in his opinion should not have ratified the agreement without consulting the Central Legislature. Sir Mohammad Habib Ullah, leader of the Delegation, after acknowledging the encomiums lavished upon the Delegation and the Government, spoke of the enthusiastic co-operation he had received from his colleagues. The change of heart in South Africa was due to the marvellous work of the Paddison Deputation which was assisted by the restraint exercised in India by the public and the press. At the same time he paid handsome tribute to the wisdom, statesmanship and sagacity of the Ministers in South Africa, particularly that of General Hertzog and Dr Malan, who were the most important figures throughout the proceedings and to the unobtrusive but most valuable assistance given by Rev C F Andrews.

Some of the main conditions of Indian politics have been sketched in the early part of this chapter and the more important political movements in India since 1921 are sufficiently well known to all who take more than a mere passing interest in India. As in every other country politics in India are part of a continuous chain of cause and effect and the events of any one year can only be understood by reference to what has preceded them. If, therefore, we look at the record of the two Sessions of the Indian Legislature, which have been held during the period passed under review in this report, against the background of the earlier Sessions of the Reformed Legislature and the history of India generally during the same period it seems not unreasonable to claim that the past year has witnessed a further weakening of extremist views in politics and a corresponding strengthening of the hold on public esteem of the representative bodies created by the Act of 1919. Neither

provement, should report on the suitability of new sources of taxation, should advise on the machinery required for the collection of taxes, and should, in general, survey the whole field of the demand of the State upon the subject with the exception, to some extent, of land revenue. This committee was duly constituted under the Chairmanship of Sir Charles Todhunter, a distinguished member of the Indian Civil Service with considerable experience of financial problems. The Legislative Assembly, although it had at first agreed to the project, ultimately displayed dissatisfaction with the scope of the enquiry and the terms of reference to the Committee. Nevertheless, the Government of India hope to obtain valuable guidance as a result of the labours which the Committee has already commenced. A second important topic which has come under discussion during this period is a scheme for the establishment of a

Taxation Enquiry Committee

Provincial Loans Fund, the purpose of which is to systematize the arrangement by which

advances are made to Provincial Governments from the Central Exchequer. It is hoped that a central Fund may be established as from the beginning of the new financial year, out of which all advances granted by the Government of India to Provincial Governments will be made, the interest charges and the terms on which the advances granted for various purposes are to be repaid being fixed for all provinces alike at such rates as will keep the Fund solvent. This project is of importance for two reasons. In the first place, it will subject to definite principles the borrowing of the Provinces, instead of necessitating the passing of special orders by the Government of India for the rate of interest, the period of amortisation, and the general terms and conditions, on each loan as it arises. In the second place, the scheme contains within itself the germs of a noteworthy development. Sir Basil Blackett, in explaining it to the Assembly, stated that he looked forward to the day when the Fund would be administered by an Indian body corresponding to the National Debt Commissioners and the Public Works Loan Commissioners in England, the money required for advances from the Fund being raised in the open market by the controlling body on the security of its own assets. Considerable benefits, he believed, would accrue to the finances of India if the advances made by the Central Government to

effects on Indian politics. If inter-communal antagonism is to become a permanent feature of the Indian Legislatures it is difficult to avoid the conclusion that the public life of India will be poisoned for years to come, and the realisation of the hopes for her future which are held by both Britons and Indians will have to be indefinitely deferred. This is a consummation which all sections of Indian political opinion must work to prevent and in this connection the small European party in the legislatures should be able to give valuable help. The use of parliamentary institutions might be said to be part of their spiritual make-up, and the people of India and their fellow members of the Legislative Bodies are entitled to look to their British friends and colleagues not only for example but for active help. Both example and help have been given in the past and the record of the British members of the Central and Provincial Legislatures is one that does credit to themselves and to the political system which they inherited. There was a time when they were generally regarded as hardly more than an addition to the Government block but this belief is becoming a thing of the past. The work of such men as Sir Campbell Rhodes in the first Assembly, and, later, of Sir Darcy Lindsay, Sir Walter Willson and Colonel Crawford, to mention only a few of the outstanding names in the Legislative Assembly, has shown that the European members can be relied upon to act with independence and decision. The speeches of their leaders show clearly how they identify themselves with the interests of the country of their adoption and it is possible that in helping on the process of making the Indian Legislature into a united legislature of a united nation they will accomplish their most valuable and important work for India. In them both Hindus and Mohammadans can, and do, find impartial friends who are willing and able to contribute something unique and valuable to Indian politics and Indian constitutional development.

means easy. The Legislative Assembly, when the proposal was brought before it in the first instance, reserved its opinion, for there was a fear in the minds of many members lest the control which the Legislature had hitherto exercised over railway policy, might in some degree be weakened. In the Delhi session of 1924, no conclusion was reached, but in September, after an interval in which the project had been fully discussed in all its aspects in the public press, a final settlement was happily arrived at. The Assembly recommended to the Governor General in Council that the railway finances should be separated from the general finances of the country, and that the general revenues should receive a definite annual contribution from railways which should be the first charge on their net receipts. This contribution was settled on the basis of one per cent on the capital at charge in the penultimate year, *plus* one-fifth of the surplus profits in that year. The Assembly also stipulated that if, after payment of the contribution so fixed, the amount available for transfer to railway reserves should exceed Rs 3 crores, one-third of the excess should be paid to General Revenues. This railway reserve is to be used to secure the payment of the annual contribution, to provide, if necessary, for arrears of depreciation and for writing down capital, and to strengthen generally the financial position of the railways. It was further agreed that a Standing Finance Committee for Railways was to be constituted, consisting of one nominated official member of the Assembly as Chairman, and 11 members elected by the House itself. The Members of the Standing Finance Committee for Railways are to be *ex-officio* members of the Central Advisory Council, which consists, in addition, of not more than one further nominated official member, 6 non-official members selected from a panel elected by the Council of State and 6 non-official members selected from a panel elected by the Legislative Assembly. Before the Standing Finance Committee is to be placed the estimate of Railway expenditure prior to the discussion of demands for grants in the Assembly. The whole arrangement was declared to be subject to periodic revision, but to be attempted as an experiment in the first instance for at least three years. In consenting to it, the Assembly made certain stipulations, which are detailed below in the section of this Statement devoted to Railways, and further pressed upon Government its views in the matters of Indianisation and stores-purchase. The general

any reasonably succinct description of the general economic condition of the Indian people, partly because of the extraordinarily varied circumstances of the great Indian sub-continent with its heterogeneous social and natural conditions, and also because economic and statistical studies in India are still in their infancy. The paucity of material for a systematic survey of economic conditions in India is revealed in striking fashion in the report submitted in August 1925 by the Economic Enquiry Committee, which was formed under the presidency of Sir M. Visvesvaraya to examine the material at present available for framing an estimate of the economic condition of the various classes of the people of British India. The Committee found that many of the most elementary materials necessary for a satisfactory and adequate description of the economic condition of the Indian people were lacking. There were no statistics which might help in estimating average income, crop production, wages, the cost of living and other cognate subjects. No estimate could be formed of the national wealth of India because practically all the necessary statistics were lacking. In different parts of India a number of economic investigations have been carried out by quasi-official agencies like the Board of Economic Enquiry in the Punjab, or by universities, sometimes with official assistance, and the official Labour Office in Bombay has done much valuable work in connection with industrial and general economic conditions in the Bombay Presidency, but those engaged on these enquiries will be the first to admit that they are only touching the fringe of an economic survey of India. In spite of all this, however, there is not the least doubt that a good deal of material for such survey is available all over the country. The innumerable settlement reports which have been written since the establishment of British Rule in India, and the countless official notes and reports of all kinds must alone be a veritable mine of information. Only, all these require to be collated and examined by competent students of Economics prepared to give years of work to the task. The following pages therefore, do not pretend to be a review of Indian economic conditions, but are written merely to give readers, who know nothing of India at first hand, some sort of a background against which to view the facts and incidents presented in the present and in other chapters of this report.

Since any account of the conditions of the Indian people on the scale contemplated in this report must necessarily be in broad

sc or are much the same as those spent by his confrères in England and other western countries. In the Madras and Bombay presidencies wage censuses have been taken in certain industries and from these it appears that wages have increased during the past decade, substantially in the Bombay industries and to some extent in Madras, whilst in the latter there has been at any rate some improvement. As we have already seen there was a slight tendency towards a drop in prices during the year but the price level in Bombay has for some time remained steady at about 156 as compared with 1914. Also, the stabilisation of the rupee at 1s. 6d has prevented an unjustifiable reduction in real wages.

The housing of industrial labour is another matter on which it would be improper to speak in the absence of sufficient data, but the one roomed tenement appears to be the normal working class accommodation in industrial areas, whilst the higher skilled workers and clerical employees live as a rule in tenements of two and sometimes more rooms. Much of the working class accommodation lacks sufficient ventilation and sanitary and water arrangements in numerous instances leave a great deal to be desired. These conditions are not likely to be improved until the working classes themselves bring pressure to bear upon municipalities and landlords. At present, they acquiesce, to say the least, in their unsatisfactory housing arrangements, and, to give only one illustration of this, anybody who comes into Bombay by train cannot help being painfully impressed by the treatment to which many of the workmen's lodgings which back on to the railway line have been subjected by their tenants. Ventilation is stopped up, filthy, mouldering sheets of sacking are hung over doorways and windows, and removeable insanitary matter is accumulated in rooms and on verandahs. Landlords and the members of municipalities share with most of their fellows the common human predilection for letting sleeping dogs lie, and until those who suffer from unsatisfactory housing undertake to help themselves, the scandals which the working class quarters of some industrial areas undeniably present will continue to exist. But it should not be forgotten that many employees of labour and some municipalities have taken up the housing question in earnest and have provided workmen's dwellings to which no exception can be taken.

India is a predominantly agricultural country with an increasing population and growing industries. The total population of

Telegraphs (Rs 13 crores), exclusive of a reduction of Rs 05 crores in the capital expenditure of the Telegraph Department. Under the head of General Administration, the Committee proposed a reduction of Rs 05 crores, towards which every Department of the Government of India found itself compelled to contribute by drastic economies

It was impossible, as the Retrenchment Committee themselves realised, to obtain the full value of the proposed reductions in the first year of their operation. But by strenuous

Resulting Economies. efforts, Government succeeded in including the major portion of the economies recommended in the 1923-24 budget. In the non-military portion of the expenditure, an immediate reduction of Rs 66 crores was found possible as against the Inchcape Committee's ultimate suggestion of Rs 8 crores. In the case of military expenditure, the total funds required for 1923-24 were estimated at Rs 62 crores, which represented economies to the amount of Rs 575 crores. Unfortunately, even these substantial reductions were not regarded as sufficient to balance revenue and expenditure during 1923-24, for as against an estimated expenditure of Rs 20437 crores, there was an expected revenue of Rs 1952 crores. As was mentioned in last year's Statement, the Assembly refused to consent to the enhancement of the salt tax which would have bridged the gulf between receipts and disbursements. Since Government considered that the possibilities of retrenchment had been taken fully into consideration and that the balancing of India's budget could not be further delayed without damage to her credit, the Viceroy certified the enhancement of the salt tax until March 31st, 1924. Thus, after five

Financial Equilibrium. years of deficit, the Government of India at last achieved a balanced budget. The financial effects of this success were apparent in the course of the next twelve months in the enhanced market price of rupee securities. Further, for the first time since 1919, the Government of India were able to raise a substantial amount by a long term issue. During 1923-24, trade showed a steady revival. Exports continued to expand, and any serious decline in imports was limited to a few cases. The price of food grains fell steadily, and in December, 1923, the wholesale price of cereals in Calcutta was only 5 per cent above the level for July, 1914. But the recovery of trade, though marked, was still

hundreds of miles in all directions. Supporting vast forests, heavy cultivation, and a teeming population in the east and south-east, the fertility of its soil passes through various gradations into the barrenness of the deserts of its western and south-western parts. South of the great plains is the peninsula proper of India, an ancient geological formation, much broken by mountain ranges and studded with deserts and barren places. This is the part of India which holds by far the greater bulk of her coal and other mineral wealth. The industrial potentialities of areas like the Chhota Nagpur division of Bihar and Orissa, where are to be found some of the richest iron ore deposits in the world, are enormous.

Outside Bombay, Calcutta and Madras there are hardly eight cities with more than a quarter of a million inhabitants throughout the length and breadth of all India. Cities with a population of 100,000 and upwards number thirty. There are about 2,200 towns with populations of between 5,000 and 100,000, whilst the number of villages is probably not far short of three quarters of a million. It is in this vast number of villages—some of them almost of the dimensions of a small market town, others tiny hamlets of half a dozen huts—that the vast majority of the Indian people live. In very many of them conditions of life are of primeval simplicity. Even excluding villages on the mountainous and forest clad confines of India there are places from which a visit to a doctor would entail a journey of several days, where there is no road more pretentious than a foot-path through the fields, and where no educated person has ever lived. To such places as these new ideas can hardly penetrate, and agricultural processes, social and religious customs, and superstitions that are almost as old as the race still exist in full vigour. Even in the bigger and less remote villages conditions are sometimes not much better, for there is the same lack of contact with progressive ideas, the same lack of educated leadership, the same survival of uneconomic processes and customs. The use of machinery in farming operations is kept down to the very minimum, and all power required is supplied by the work of men and animals, the latter frequently underfed, undersized, and all but useless. There is an immense waste of human time and labour caused by this lack of all but the most primitive and indispensable agricultural implements, a waste which reacts in many more ways than these which are immediately obvious. Again, India supports large numbers of diseased and useless cattle which may not be

crores was expected On the assumption that the net receipts from railways were replaced by a fixed contribution of Rs 4 27 crores, a total revenue estimate was arrived at of Rs 107 93 crores On the basis of existing taxation, this would yield a surplus of Rs 3 36 crores during 1924-25 To this surplus,

Government's Proposals there were two claimants, provincial contributions and the salt duty Government recommended that a sum of Rs 1 82 crores should be applied to reducing the duty from Rs 2-8 to Rs 2 per maund of $82\frac{2}{7}$ lbs., and that a sum of Rs 1 50 crores should be applied to a reduction of provincial contributions This would have given immediate relief to Madras, the Punjab, the United Provinces, and Burma by varying amounts. But as was pointed out in last year's Statement, the Legislative

The Assembly's Action Assembly refused to consider the detailed provisions of the budget upon their financial merits, and would not permit the introduction of the Finance Bill. In consequence, Lord Reading found himself obliged to certify the Finance Bill in the minimum form which the responsibility vested in him dictated The salt tax was accordingly reduced to Rs 1-4 per maund, consideration of the claims of the Provinces was postponed, and with the exception of the imposition on empty match boxes and splints, the other changes in the tariff which had been proposed in the draft Finance Bill were dropped

We may now briefly recount the financial history for the year 1924-25 The hopes of a marked revival in trade which had been disappointed in 1922-23, and, to a less extent,

General Conditions of 1924-25 in 1923-24, were at last fulfilled The characteristic feature of the year was the movement of greater bulk of commodities both for export and for home consumption The first ten months of 1924-25 showed once again a considerable expansion in the exports of grain and pulse The price of tea advanced considerably, and India's export of this commodity attained a record figure during the year The cotton trade was engaged in adjusting itself to smaller margins, as the effect of falling world-prices and severe competition from Japan made itself felt, but the steady expansion in the export of Indian-made piece-goods, particularly grey goods, was an encouraging feature. In the last months of 1924, certain of the commodities which India chiefly exports, notably jute, tea and wheat, rose in price Cotton

ernment Stores In the course of the period under review, the Privy Council decided against Government, who were compelled in consequence to make large refunds of duties At the time when the budget for 1924-25 was presented, it had been estimated that these refunds, if they came to be made, would amount to approximately Rs 2 crores, and this sum was accordingly set aside from the extraordinary receipts from enemy ships, to which reference has already been made But since a later estimate placed the amount to be refunded at Rs 2 80 crores, and since this payment had to be shown as a refund under the head Customs, the net Customs revenue for the year 1924-25 was estimated by Sir Basil Blackett at Rs 44 76 crores, or about a quarter-crore less than the amount for which he had budgetted The effect of the Privy Council decision so far as concerned "Ways and Means" was, he said, almost negligible, for the loss under Customs appeared as a gain under Railways But the revenue position was very seriously affected, since of the Rs 2 8 crores lost under Customs, only Rs 37 lakhs came back as an addition to the contribution made by the Railways to the General Revenues

Under the head of Income Tax the estimate of receipts for 1924-25 had been very largely experimental It was placed tentatively at Rs 18 22 crores The latest estimate was Rs 1 75 crores short, for while the trade conditions of 1923-24 did not appreciably differ from those of the previous year, the total yield included large arrear-collections The year 1924-25 consequently opened with comparatively lighter arrears and the receipts from Income Tax were accordingly reduced Sir Basil Blackett hoped that through the efforts of the Central Board of Revenue, the estimates of Income Tax would henceforward contain a smaller element of conjecture He further anticipated that with improving trade and progressive improvement in the machinery of collection, there would be a considerable margin for increase in future years under this head of revenue He complained, however, that certain members of the richer communities in India were constantly exercising their ingenuity to evade by legal devices the payment of the taxation legitimately due from them He referred in particular to the creation of bogus companies with a view to escaping individual responsibility for income tax and super tax One such instance had recently come to his notice from Bombay

loss and possibly permanent pecuniary embarrassment if he loses them. Not the least of the many benefits which the Agricultural Department has conferred on India is its work on the production and storage of cattle fodder.

It is impossible to say what is the size of the average holding of the Indian agriculturist. Information is available over small areas as the result of particular enquiries, but the average size of a holding for the whole of a province, let alone for the whole of India, cannot be stated. But it seems certain that a five acre holding is quite a respectable one, and many, of course, are much smaller than this. Indian agriculture, then, is to a very large extent a system of *petite culture* and in general this is not helped out by the existence of cottage industries. The village carpenters, weavers, potters, leather workers and so on, are menials not of the agriculturist class. Where villages are in the neighbourhood of towns or military cantonments their inhabitants can often eke out their resources by going out to work during the slack seasons in the agricultural year, but the number of agriculturists affected in this way is only a small proportion of the whole. Most of them depend on their land and their land alone for their living. It is possible to say only a little of value about agricultural wages, for no more than partial surveys, to be referred to later, have been undertaken, and, all over India, agricultural wages are paid largely in kind. But that great numbers of agricultural labourers and village menials live on the very margin of subsistence is certain.

Even from this brief survey of the state of the great mass of the agricultural population of India, it can be seen how very wide and deep the roots of their poverty are struck, and what great and varied efforts are necessary to remove them. As in every other country, efforts to improve the economic or other conditions of a whole section of a people cannot be made entirely by the State. Some of them, and these are the most valuable and fruitful, can only be made by the people themselves. At this point the student is inevitably reminded of the co-operative movement, for, although this is guided generally by government officials in each province, its activities are largely made up of the work of numbers of private persons and its task begins where that of the State leaves off. The State can bring into existence and guarantee certain conditions of living, but the more effectively it does so and the wider the interest which it takes in the welfare of its subjects, the greater is

an improvement of Rs 0 5 crores exclusive of exchange, owing to the larger balances

On the expenditure side, one of the most important variations between the original and the revised estimates for 1924-25 occurred

Expenditure, 1924-25 under the head of Exchange The budget estimates were based upon the assumption that the average rate for the year would be $16\frac{3}{4}d$, but experience revealed that the actual figure was about $17\frac{1}{2}d$ Exclusive of railway transactions, which affected the general financial position only indirectly, the resultant net saving in expenditure amounted to Rs 2 15 crores The estimates provided for a net military expenditure of Rs 60 25 crores Shortage in the authorised establishments and further economies in several directions, together with benefits from exchange and the consumption of surplus stores, indicated a net figure of Rs 56 33 crores for 1924-25 which is nearly Rs 4 crores better than the original estimate Under civil expenditure, there was an excess of Rs 0 285 crores under the head of Opium, for additional payments to cultivators Under all the other heads of civil expenditure taken together, excluding the saving under exchange, there was a net excess of Rs 0 29 crores The bounties under the Steel Protection Act cost Rs 0 37 crores, and the additional bounties subsequently brought into operation were estimated to cost a further Rs 0 25 crores or Rs 0 62 crores in all The cost of the Lee Commission's recommendations for improvement in the pay, pensions and allowances of the superior services under the Central Government amounted to about Rs 0 25 crores As the Finance Member remarked, it was satisfactory to observe that, in spite of these additional charges, the net excess in the revised estimate for other civil expenditure over the original budget amounted to Rs 0 29 crores only As a result, therefore, of substantial savings in military expenditure, of improved Customs receipts, of the increased contribution from the railways and of savings in exchange, the revised estimates for 1924-25 indicated a surplus of just under Rs 4 crores as against the modest balance of Rs 0 18 crores of the original budget

In forecasting the expenditure for 1925-26, the Finance Member estimated for gross military expenditure of Rs 60 26 crores and

Forecast for 1925-26 : a net military expenditure of Rs 56 25 crores
Expenditure Excluding abnormal items, such as terminal

It was decided to hold the next All-India Conference at Simla in 1928. It is believed that such interchange of ideas and discussions will be of great practical use to the Registrars and their non-official helpers, as well as to the Governments of the various provinces.

The influence of State activities on the welfare of the agricultural population of India is seen most clearly and directly in the work of the Irrigation, Agriculture, and Forest Departments, to which a great part of this chapter will be devoted. The importance of these departments to India's well-being can hardly be exaggerated. The irrigation works in this country are, of course, the most famous in the whole world, the value of the Indian Agricultural Department devoted to research and the spread of agricultural education will be easily realised, but to enable the general reader to understand the part played by the forests of India in her political economy some explanation is necessary. Forests are Agriculture's foster-mother, for they, as is well-known, exercise a marked influence on climate and rainfall. They hold together the fertile surface soil, they store water and dole it out gradually, thus preventing disastrous floods and the formation of ravines, by checking erosion they prevent good soil from being washed into the rivers, and carried away to waste. Forests also directly increase the fertility of the land, being capable of forming rich vegetable mould even from mineral soils. Finally, in India, forests are a valuable asset in times of scarcity or famine, for they yield vast quantities of fodder and provide edible fruits and roots of which the poor readily avail themselves. Advantage of the visit of the Royal Agricultural Commission has been taken by forest officers to lay stress on the immense benefits that forestry can bestow on the peasant by providing him with wood fuel so that cow-dung may be used as manure. Small plantations properly established and cared for should be scattered in suitable places all over the plains of India to provide timber for houses and agricultural purposes as well as for fuel. The neglect of her forests in times past has exposed India to many penalties. The dense forests once situated in the Gangetic plain have now very largely disappeared, the land once occupied by trees being either cultivated or standing as a deserted tract with ever expanding ravines. Every province in India can show examples of the havoc done by deforestation. In the Punjab on all sides may be seen low barren hills and ravines pouring ~~fast~~ sand to encroach on good arable soil. Manure ~~particular~~ ^{is particularly}

for interest on railway capital for 1925-26 is estimated at Rs 130 44 crores, or, excluding the railways altogether, at Rs 101 78 crores. In order to meet this expenditure, there will be an estimated receipt from Customs of Rs 46 35 crores. In calculating this figure, the

Finance Member made allowance for the adoption of some minor alterations in the

made allowance for the adoption of some minor alterations in the Customs tariff. These were made on the same lines as the proposals originally put forward in the Finance Bill of February, 1924, which fell out when the measure was rejected by the Assembly. They included the abolition of the $2\frac{1}{2}$ per cent import duty on grain and pulse, the reduction from 15 per cent to $2\frac{1}{2}$ per cent of the *ad valorem* duty on certain articles chiefly used in power looms, and the modification of the duties at present imposed on petrol in such a way as to fix the duty to be paid by all petrol alike, whether imported or home produced, at 4 annas per gallon. From Income Tax, the total yield is placed at Rs 17 35 crores, which is Rs 0 88 crores higher than the revised estimate for the current year. From salt, the estimated revenue is Rs 6 95 crores, from opium Rs 3 56 crores gross and Rs 1 76 crores net. The fixed contribution from railways to general revenues, based on the figures for 1923-24, amounts to Rs 5 09 crores. The proportion of the excess over Rs 3 crores between railway receipts and railway expenditure credited to general revenues is estimated at Rs 0 15 crores. The recently introduced change in the accounting procedure in connection with the Posts and Telegraphs Department is estimated to yield a non-recurring receipt of Rs 1 24 crores. Under other heads of Revenue, provision has been made for a reduction in interest receipts owing to smaller balances available for temporary investment, but the currency receipts are expected to exceed those of 1924-25 by Rs 0 25 crores. The Finance Member assumed for the purpose of revenue estimate a continuance of the practice of appropriating to revenue the interest on the Paper Currency Reserve and the surplus of the Gold Standard Reserve over £40 millions. In all, to meet an estimated expenditure of Rs 130 44 crores, he anticipated a revenue of Rs 133 68 crores. He emphasized the fact that in 1924-25 he had been able to avoid new external borrowing and that he hoped to repeat this happy abstention again in 1925-26. This will be a particularly satisfactory achievement in view of the fact that £2 5 millions has

amounts to nearly one million sterling. Rights so extensive, unless carefully controlled and scientifically regulated, are capable of inflicting severe damage upon the forest resources of the country and Mr A Rodger, the Inspector General of Forests and President of the Forest Research Institute at Dehra Dun, has spoken of the "terrible damage caused in India by excessive grazing."

In spite of the hindrances which it encounters from the unwillingness of the public to co-operate with it and of the drawbacks inseparable from a restricted staff, the Forest Department manages to return an appreciable net profit to the Government of India. In 1924-25 this profit was approximately Rs 2½ crores, a very gratifying result when it is remembered that in neither the United States nor Canada are the State forests paying concerns. There is no reason to doubt that the Indian forests will become increasingly profitable to the Indian Government as improvements in methods of transportation in silvicultural research and other technical matters are effected and as the work now being carried on in the Forest Research Institute at Dehra Dun is enlarged. The following account of the work of the Institute is taken from an article in the Empire Forestry Journal contributed by Mr A Rodger.

Since about the year 1900 it has been realised that the proper development and utilization of the forests of India must depend on expert and scientific guidance which can only be obtained through a properly organised research institute. The first research officer to be appointed was a Forest Zoologist, who began work on insect pests in 1900. In 1906-07 a Silviculturist, an Economist, a Botanist and a Chemist were appointed. The Forest Zoologist started work directly under the Inspector General of Forests, but the control of research finally devolved on the Director of the Forest School at Dehra Dun, who became the President of the Forest Research Institute and College.

It may be noted here that the area of the forests in connection with which the Research Institute works is 160,000,000 acres, indeed more, because Indian States have also large forests in addition to the above area. This area is no less than one quarter of the area of British India, and the gross revenue realised from the forests in the year 1924-25 was Rs 5.67 crores. In the year 1912-13 the gross revenue was Rs 3.22 crores. This all but doubling of the gross revenue in 11 years may fairly be ascribed in part to the

“ discussions of March 1923, cannot fail to be impressed by the
 “ contrast between then and now The members of the first Assembly
 “ co-operated unhesitatingly with the Government in the unpopular
 “ task of making heavy additions to our taxation in 1921 and 1922
 “ Two years ago when the Budget for 1923-24 was introduced, not
 “ only had we to contemplate the picture of five successive years of
 “ deficits aggregating nearly 100 crores, but we had still to face a
 “ serious gap on the revenue side of the account between our revenue
 “ and our expenditure in the year then ahead of us In spite of
 “ drastic retrenchment involving the sacrifice of many useful and
 “ desirable objects of expenditure, in spite of the postponement of
 “ many items ultimately unavoidable with the certainty that the
 “ necessity of meeting them would add to the difficulties of succeeding
 “ years, and in spite of the heavy increase in taxation in 1921-
 “ 22 and 1922-23 we found ourselves once again compelled to ask
 “ for the imposition of a further burden Last year in presenting
 “ the Revised estimates for 1923-24 I was able to assure the House
 “ that our sacrifice had not been without reward, but it was still
 “ not possible to say with certainty that the year would end with
 “ an actual surplus of ordinary revenue over ordinary expenditure
 “ Meanwhile in all the nine Provinces financial difficulties were
 “ beclouding the bright hopes of those who had been responsible
 “ for the initiation of the Reforms The Provincial Governments,
 “ and particularly the Ministers on whose shoulders the Reforms
 “ have placed the duty of fostering the spread of education and
 “ sanitation among the masses of the Indian people and of assisting
 “ the agricultural and industrial development of the country, found
 “ themselves without the financial resources required even to main-
 “ tain those beneficial services at the level at which they found
 “ them To-day we are in a happier position, and we can look back
 “ with quiet satisfaction on realised surpluses of substantial
 “ amounts both in 1923-24 and in 1924-25, the latter secured in spite
 “ of the reduction of the salt tax to the figure at which it stood
 “ before the increase made the year before Better still, for the
 “ year now ahead of us we have not merely the prospect of securing
 “ a realised surplus once again, but we are also taking a real and
 “ substantial step forward towards the eventual extinction of
 “ the Provincial contributions, and are thereby giving new hope to
 “ those who are working the Reformed Constitution of India in the
 “ Provinces and fresh encouragement to devote their energies to the

also their relative strengths as compared with well-known foreign timbers. In this way a mass of reliable data, constantly growing in value, is being collected with the object of determining the suitability of Indian woods for specific uses, such as for beams, sleepers, bridge parts and other common uses. Nearly a dozen complete electrically fitted testing machines have been installed at Dehra Dun and it is doubtful whether a more complete testing shop exists anywhere. The Expert-in-charge of the Timber Seasoning section has done a great deal of valuable work on the seasoning of timbers by air and by the Tiemann and Sturtevant processes. His task is to show how timber may increase its value by careful and scientific seasoning. Many timbers, even perishable soft woods, can be turned out in excellent form if properly treated. In one case a soft perishable timber, which, untreated, speedily becomes rotted by fungus in a damp climate, has been turned out as an excellent white box-wood. Hand in hand with seasoning goes preservation. Besides the climate, timber has other deadly enemies in India, such as white-ants, fungus and wood-boring beetles and larvae. The task of the preservation expert is to find out how timber can best be treated with creosote, crude earth-oil and other preservatives so that it may be as durable as it is mechanically strong. There are a number of Indian timbers which last for many years in the open in their natural state, such as sal, teak, pyringado and deodar, but there are many which are mechanically strong but do not contain any natural oil or resin which will protect them against destructive agencies. When these are properly treated they can be used in the same way as the others, for example, as railway sleepers. Sleepers have been the subject of many investigations at Dehra Dun, and knowledge of the best methods of treatment has been increased. The institute is also going thoroughly into the question of the minor forest products of India. In addition to lac, which has already been mentioned, the many bamboos, canes, fodder plants, resins, oils, gums, dye-stuffs, drugs and so on, need to be developed. As the President of the Institute says, few forest species can be found which yield nothing of use to man, and as Burma alone has about 3,000 woody plants and bamboos, the extent of the field open to investigation is easily imagined. The Institute can now teach paper pulp manufacturers how to treat the different kinds of bamboos in the best and most economical manner, and when the price of pulp becomes favourable, there should be great wealth in the

stimulated, he argued that the effect of a rise in rupee exchange has been in the main to keep rupee prices from rising in sympathy with world prices.

Official view

Comparing the prices of Indian exported produce in August, 1923, and October, 1924, he deduced that the rise of approximately 12½ per cent in exchange which had been taking place during that period was reflected, not in a reduction of the rupee prices obtained by the exporter, but in an increase of the sterling prices paid by the importer, who had been forced by India to pay an enhanced price in rupees by the rise in the sterling value of the rupee. In terms of gold, he said, India had been getting very much better value for her exports than if exchange had been low, while in internal trade, the alleged benefits of a low exchange were far from apparent, since if the producer got more rupees for his produce, the Indian consumer must pay more rupees for his purchases. He went on to urge that neither the producer nor the consumer had anything to gain by legislative intervention, on the lines of certain proposals previously introduced into the Assembly, to reduce the rate of exchange from its present level of 1s 6d sterling to 1s 4d gold. Further, at the higher rate of exchange, the amount of rupees required from the Indian tax-payer to meet external payments was smaller than when the rate was low, and this fact, combined with the consideration that owing to the exchange policy of Government, the level of prices in India had not risen in such a way as to increase the rupee expenditure of the administration, had enabled Government to present a budget offering the alternative of a reduction of the salt tax or the reduction of the Provincial contributions. The arguments of the Finance Member did not pass uncontested. While he received a considerable amount of support from certain members of the As-

These views challenged.

sembly both European and Indian, Sir Purshottamdas Thakurdas, the author of the proposal for reducing the rate of exchange by legislative provision, emphatically challenged both his reasoning and his conclusions. Sir Purshottamdas maintained that the exchange policy of Government was contrary to the true interests of India. With a large balance of trade in her favour, he said, the country was suffering from high money rates, from trade depression, and from many other attendant evils. He argued that the profits of exchange came from the pockets of the Indian agriculturist, who

speakers pressed the necessity for the immediate reduction of taxation which, they said constituted an intolerable burden upon the people of India. The Finance Member's plan of debt redemption, which will be explained in some detail in a subsequent paragraph, aroused a certain amount of criticism on the score that the provision made under this head was so high as to constitute a luxury which the country could ill afford. Military estimates also came in for their fair share of criticism, although it is to be noticed that the attitude of the Assembly was far less severe than in many previous years. In the Council of State the scheme for debt redemption was

**In the Council of
State**

generally supported, Sir Maneckji Dadabhai in particular, who had himself pressed upon the notice of Government the importance of

this matter, characterising the Assembly's opposition to the scheme as ill-conceived. Demands were put forward in several quarters for the lowering of taxation, particularly of the super-tax, which was stated to be exercising an adverse effect upon the development of industry. But, as in the Assembly, the question of cotton excise aroused considerable feeling, and Government were warmly criticised for taking no steps to remove what was stated to be a standing blot on their financial policy.

When the Assembly came to consider the second stage of the budget, criticism directed itself particularly against certain main heads. Complaints were voiced regarding the working of the Income-tax Department,

Demands for grants

but Government successfully resisted the attempts to make large cuts in the demand for working expenses. But a formal cut of Rs 100, proposed by Mr K C Neogy on the score that the two industrial Provinces of Bombay and Bengal got practically no share

Income-Tax.

of Income-Tax revenue owing to defects of the Meston settlement, was accepted by the House against Government opposition. The House also carried a cut of Rs 100 under the heading of salt, on the score that Government was displaying insufficient regard for the encouragement of local manufacture. On the vexed question

Cotton excise

of cotton excise, a full-dress debate arose which lasted almost two whole days. A

motion was put forward by Mr Kasturbhai Lalbhai to delete from the demand, under the head of Customs, the whole provision for the collecting establishment which levies the cotton excise duty.

canal Within this class fall the great perennial systems of the Punjab and the United Provinces Inundation canals have no such means of control, and water only finds its way into them when the natural level of the river reaches the necessary height The most important inundation canals in India are those of Sind, indeed, upon them depends the whole irrigation of the Province at present, but they also exist in the Punjab, drawing their supplies from the Indus and its tributaries

During the year 1925-26 the total area under irrigation, excluding Indian States, amounted to 28.1 million acres This represented 12.9 per cent of the entire cropped area of the country, and was slightly below the record area of 28½ million acres irrigated in 1922-23 The total length of main and branch canals and distributaries in operation amounted to about 67,000 miles, while the estimated value of the crops supplied with water from Government works was Rs 145 crores The area irrigated was largest in the Punjab where 10.4 million acres were irrigated during the year In addition 679,000 acres were irrigated from channels, which although drawing their supplies from British canals, lie wholly in the Indian States Next among the Indian Provinces came the Madras Presidency, with an area of 7.4 million acres, followed by Sind with 3.3 million acres, and the United Provinces with 2.8 million acres The total capital outlay on irrigation and navigation works, including works under construction, amounted at the end of the year 1925-26 to Rs 99.84 crores The gross revenue was Rs 11.46 crores, and the working expenses Rs 4.06 crores The net return on capital is therefore 7.41 per cent In the first year of this century the irrigated area of India was 19¼ million acres By 1922 it had risen to over 28 million acres and after the various projects now under construction are in full working order the total area under irrigation will, it is estimated, be nearly 40 million acres When it is mentioned that the total cropped area in India is over 217 million acres, the part played by irrigation in India's welfare needs no further exposition

The more important of the new projects under construction may now be described The greatest of these is the Sukkur Barrage in Sind Its object is to give an assured supply to, and extend the irrigation now provided by the numerous inundation canals in Sind, which draw their water from the Indus This will be achieved by

the demand thus omitted was restored by the Governor-General in Council

Two other items of Government's financial policy came in for considerable attack at later stages of the discussion of demands for grants. One of these dealt with Opium

Opium

Dr S K Datta and several other speakers attacked the administration for the conservative policy which they were adopting in respect of limitation of consumption. The Finance Member explained in some detail the view of the Government of India—which is set out below in another Chapter—and proved by figures that consumption during the period 1910-11 to 1922-23 had decreased by about 50 per cent. He announced his readiness to appoint a Committee on Opium Consumption to review the conclusions of the 1893 Commission, provided that Local Governments agreed there was *prima facie* case for enquiry. Nevertheless, a censure motion for a nominal cut of Rs 100 was carried by 62 votes against 50. The second item upon which criticism fastened was the policy of debt redemption. The proposals under this head were generally supported by the European members, but Government was attacked from other quarters of the House for making excessive

Debt redemption.

provision. However, after the policy had been fully explained by the Finance Member, Mr. V J Patel's motion for reducing the allotted sum was defeated by Government and the European non-officials with the help of several Independent votes. In reply to this, an Independent motion for a similar reduction was not supported by the Swarajists, and its protagonists were severely defeated by the official *bloc* and the European elected members. Ultimately, the budget demand was carried by 54 votes to 39 and Sir Basil Blackett's scheme was saved.

Up to this stage in the passage of the budget through the Assembly, the discussion had followed the ordinary lines of financial criticism. It had been agreed, however, that

A Political Debate

the presentation by Government of the demand for the travelling allowance of the Executive Council—the only votable item under this head—should be made the occasion for raising a political review of the entire administration. We shall have occasion to describe in somewhat greater detail the features of this discussion in Chapter V. It is sufficient here to notice that

European elected members and of some Independent votes. There then followed a discussion of Mr Rama Iyengar's motion for reducing the salt tax to Re 1. The Finance Member urged that, having voted the supply, it was incumbent upon the House to vote the ways and means—that if they did not agree with the taxes proposed by the Government, it was their duty to suggest a substitute there and then or leave the matter till next year. The motion was strongly opposed by Sir Purshottamdas Thakurdas and certain others. But as the Independents had not made it a party question, the Swarajists obtained sufficient support to defeat Government by 61 votes to 56.

Salt Tax lowered

The consequences of the Assembly's acceptance of this motion were, from the point of view of the Finance Department, very serious, and Sir Basil Blackett announced that he was unable to move his projected resolution inviting the concurrence of the Assembly to the remission of certain of the Provincial contributions. Motions to oppose the suggested reduction in the petrol duty and to reduce postal rates were defeated by Government with the help of some Independent members. The upshot of the whole discussion was that on March 18th, by 75 votes to 40, the Legislative Assembly passed the Finance Bill, the only change being in the salt duty, which had been reduced from Rs 1-4 to Re 1 per maund of 82½ lbs. The Swaraj Party opposed at every stage, but were again defeated. The Finance Bill, as passed by the Legislative Assembly, was placed on the table of the Council of State. Government announced that they would move

Results

an amendment for the restoration of the salt duty to the original figure. On March 20th, the Finance Bill was discussed in the Council of State. Meanwhile, important sections of opinion throughout India had condemned in forcible terms the action of Assembly, pointing out that for the sake of an illusory gain to the individual taxpayer, important and substantial remissions to the Provinces, which would go to the support of nation-building departments, were being jeopardised. Certain Provincial legislatures publicly displayed, by motions of adjournment to consider the matter, how seriously they regarded the action of the Assembly. The Council of State was thus reflecting a very large element of responsible opinion when it accepted the motion of Government to restore the salt tax to the figure of Rs 1-4 by 35 votes against 4. On March 21st, the Finance Bill came

2 million will be in the Punjab, 2.8 million in Bahawalpur, and 0.34 million in Bikaner. The real value of the project will be appreciated from the statement that, as a result of it, $3\frac{3}{4}$ million acres will become available for cultivation.

In March 1925, the Secretary of State sanctioned the Cauvery Reservoir Project in the Madras Presidency, the estimated cost of which amounts to £4 millions. The project has been framed with two main objects in view. The first is to improve the existing fluctuating water supplies for the Cauvery delta irrigation of over a million acres, the second is to extend irrigation to a new area of 301,000 acres, which will, it is estimated, add 150,000 tons of rice to the food supply of the country. The scheme provides for a large dam at Metur on the Cauvery to store over 90,000 million cubic feet of water, and for a canal nearly 88 miles long with a connected distributary system. Good progress was made during the year 1925-26 with the preliminary work of this important project. Buildings for the staffs of all grades have been erected, a road 37 miles long has been metalled and bridged almost throughout, and after extensive survey in the light of the experience gained after the heavy floods of 1924, a new site for the dam has been chosen one mile upstream from the sanctioned site. The programme for the execution of this project has been accelerated, and three more canal divisions have accordingly been constituted.

Among other irrigation projects which deserve notice, we may mention those which are now being carried out in the Deccan. The Bhandardara dam, which is the highest in India, has just been completed, and the Lloyd dam, which is the largest mass of masonry in the world, is nearing completion. Irrigation from the great lakes formed by these dams is rapidly being developed in the valleys below them, the Bhandardara dam supplying the Pravara Canals and the Lloyd dam supplying the large Nira Canals system. Irrigation in the Pravara area has grown very rapidly, and lands on these canals are now covered with valuable sugarcane crops where before hardly any crops could be grown. The Nira Valley Project, consisting of the new Nira Right Bank Canal and extension of the Nira left Bank Canal, will, when completed, command a total culturable area of about 675,000 acres, and this scheme will then be the largest in the Deccan. The completion of the great storage works at Bhandardara and at Bhatgar will allow a considerable extension of the

31st March, 1923 Under this arrangement, the provision required for 1925-26 was Rs 178 crores, a figure which includes the addition to Government's permanent debt involved in the taking over of £18 5 millions of the debenture stock of the East Indian Railway As will be seen from the statement on the opposite page,

Plans for Redemption the gross amount of the debt owed by the Government of India to its various creditors exceeds Rs 1,000 crores This includes the debt due by the Provincial Governments to the Government of India, amounting to Rs 106 95 crores on 31st March, 1925 On the same date, the total productive debt amounted to Rs 725 15 crores, and the unproductive debt Rs 288 56 crores During the current financial year, the productive debt increased by Rs 42 17 crores, a figure almost entirely accounted for by capital expenditure on railway development, and by the assumption of the East Indian Railway debenture stock to which reference has already been made During 1924-25, the unproductive debt decreased by Rs 6 68 crores, but the true decrease was larger than is suggested by this figure, since to the extent of Rs 1½ crores the nominal total of the debt has been increased by the conversion of 7 per cent Government of India sterling loan into 3 per cent stock In view of the gross amount of the debt owed by the Government of India to its various creditors, the Finance Member suggested that the provision for reduction or avoidance of debt under the new scheme could not be regarded as other than 'modest' For a Government with large commitments and a big programme of new borrowing, the provision of an insufficient sinking fund, so he argued, was most extravagant, for any apparent saving that might be affected in the budget of one year by a reduction of the amount provided, would be more than offset in the next year or two by the additional interest that would have to be paid on new loans including conversions A systematic provision for the reduction or avoidance of debt would, in his view, assist the Government of India in two directions It would reduce the amount that would have to be borrowed, and by increasing the confidence of the creditors in the security offered by Government, it would serve to keep down the rate of interest on the new borrowings The importance of the scheme announced in the Resolution of the 9th December, 1924, did not escape the attention of the Legislative Assembly, and in February, 1925, a resolution was moved by Mr Jannadas Mehta recommending the appointment of

the canals, and the Indian forests help to guarantee the supplies of water for the canal engineer to use

The post of Agricultural Adviser to the Government of India and Director of the Agricultural Research Institute, Pusa, was held, until 2nd March 1926, by Dr Clouston, C I E, who, on being placed on special duty as Liaison Officer between the Royal Commission on Agriculture and the Government of India and the local Governments, handed over to Dr W H. Harrison. Since October 1926, Dr Clouston has been carrying on the duties of Liaison Officer in addition to those of Agricultural Adviser

In view of the provincialisation of the Indian Agricultural Service recruitment to it has ceased and the provinces have been left to constitute their own superior Provincial Agricultural Services. Indians were appointed to the three specialist posts of Agronomist, Physical Chemist, and Second Cane-breeding Officer in the Imperial Department of Agriculture during the year under review

The eighth General Assembly of the International Institute of Agriculture was held at Rome in April, 1926, and the Government of India as an adhering State sent two representatives to it. The resolutions passed at the Assembly have been considered and action taken where necessary

His Majesty the King-Emperor appointed during the year a Royal Commission "to examine and report on the present conditions of Agriculture and rural economy in British India and to make recommendations for the improvement of agriculture and the promotion of the welfare and prosperity of the rural population. The commission is to investigate in particular —

- (a) the measures now being taken for the promotion of agricultural and veterinary research, experiment, demonstration and education, for the compilation of agricultural statistics, for the introduction of new and better crops and for improvement in agricultural practice, dairy farming and the breeding of stock,
- (b) the existing methods of transport and marketing of agricultural produce and stock,
- (c) the methods by which agricultural operations are financed and credit afforded to agriculturists,

is vested in a Central Board of Governors, while local affairs are controlled by local boards at Imperial Bank of India Madras, Bombay and Calcutta. The Presidents, Vice-Presidents and Secretaries of these local Boards are on the Central Board, upon which the Governor General in Council is empowered to nominate two non-officials. The Board is completed by two Managing Governors, the Controller of Currency, and such other officer of Government as may be nominated by the Governor General. The Bank conducts the general banking business of Government, holding Treasury balances wherever it has branches. It has further undertaken to open one hundred new branches within five years, the location of one in every four being at the absolute discretion of Government. Of these, 78 new branches have been opened up to the 31st December, 1924. Certain powers are vested in the Governor General to issue instructions to the Bank in respect of any matter which, in his opinion, is likely to affect Government's financial policy or the safety of their balances. Perhaps the greatest innovation in this scheme is the constitution of a London Office. From January, 1924, this office has been entrusted with the management of the Government of India rupee debt in London, which up to that time had been managed by the Bank of England. A further exemplification of this tendency on the part of India to manage the details of her financial system is provided by the enquiries made in 1923 by Colonel Willis and Mr. Ascoli into the possibility of security printing in India, as a result of which plans are now in hand for the printing of stamps in India instead of purchasing them in England. It is also expected that it will be possible in the not very distant future to print Currency notes and Government Promissory notes in India.

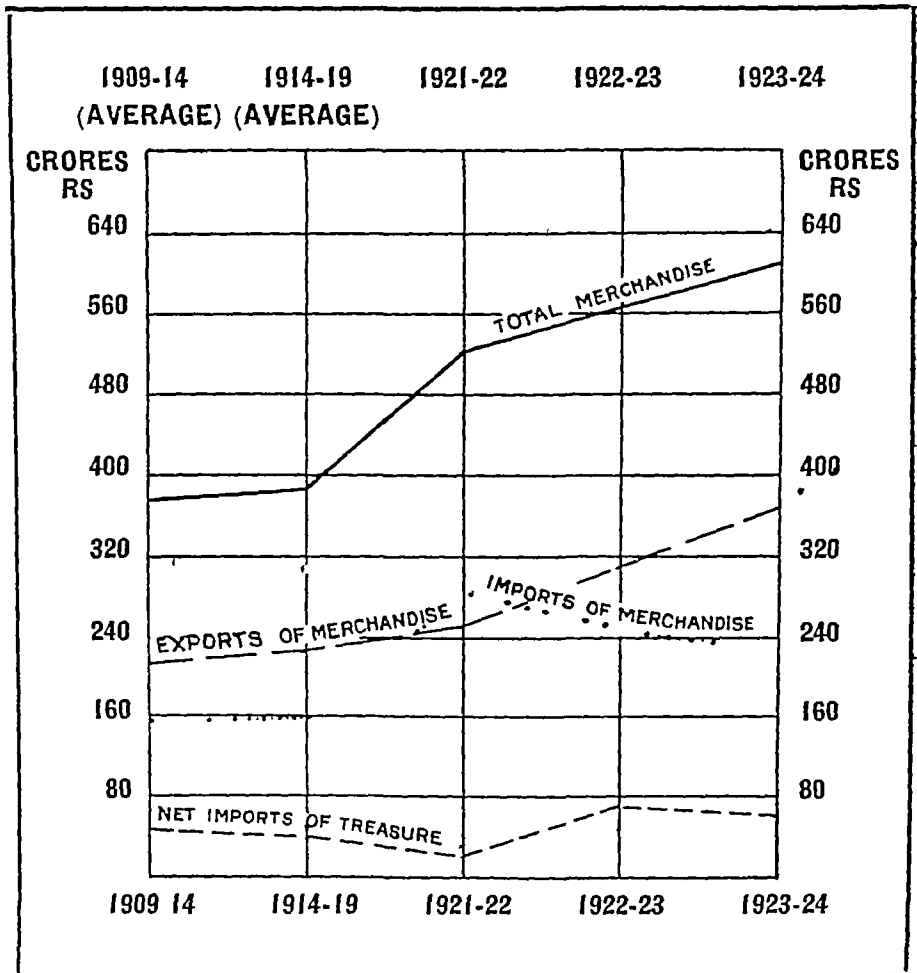
That the number of banks at present existing in India is inadequate for her needs, is clear from the fact that there are at present only some hundred head offices with between India and Investment 300 or 400 branch banks throughout the whole country. In some 20 per cent of the towns possessing a population of more than 50,000 inhabitants, there are no banks at all, while in the case of towns with a population of 10,000 and over, the proportion without banking facilities rises to 75 per cent. Indeed, the habit of investment is comparatively undeveloped in India, its place being taken by hoarding and by the conversion of bullion into jewellery. An immense amount of capital is thus locked up

DIAGRAM No. 5.

The Foreign Sea-Borne Trade of British India.

During the last three years as compared with averages of the pre-war and war periods.

(Private and Government)



suitable for boys who have received a general education up to the age of about 13. In some provinces vocational schools have been opened. There are six such schools in Bombay which initiated the experiment, two in Madras, and one each in Bengal, the United Provinces and the Central Provinces. A more recent attempt at agricultural education is the introduction of agriculture as an optional subject in the ordinary vernacular or anglo-vernacular middle schools of the Education Department, the Agricultural Department only assisting in the way of training school teachers. No attempt is made in these schools to give a vocational training, the object in view is to give to the boys such an outlook on rural life as will induce them to return to the land with minds better prepared to receive agricultural training as a result of their interest in agriculture and its possibilities having been aroused. First introduced in the Punjab, where over 3,000 boys are attending agricultural classes, this successful experiment in adapting education in rural areas to rural needs, is being adopted in other provinces.

Turning now to economic work on crops we may begin with rice which, occupying as it does on an average 35 per cent of the total cultivated area is pre-eminently the most important crop in India. Nearly 91 per cent of the produce of this huge area is consumed in the country in a normal year, the remaining 9 per cent is exported abroad. The work of the Agricultural Department aims mainly at increasing the yield per acre and thus augmenting the local food supply. Some of the varieties isolated are superior in yielding powers, others are capable of giving good yields in poor land liable to drought. During 1925-26, the area under improved varieties was approximately 654,300 out of 82,078,000 acres, and the average increase in yield per acre is estimated to be 200-250 lbs. In Burma which contributes three-fourths of the rice exported from India the milling qualities of the selected varieties have proved very satisfactory. To quote from the speech of the Chairman of the Rangoon Chamber of Commerce, "Any one connected with the paddy trade now knows that the cultivator expects and gets a special premium for these special grains, and that it is well worth the extra cost the millers pay, the miller knows."

In area, wheat stands next to rice. It is the staple food of the people of Upper India, and is grown on about 10 per cent of the total cultivated area of the country. One of the most successful

canes distributed by the Agricultural Department, is reckoned to be about 172,000 acres

The interests of Indian cotton growers and Indian spinners alike demand that a larger portion of the cotton produced should be of a type generally acceptable to the cotton spinners of the world. The Agricultural Department's work on this crop therefore aims at increasing the yield per acre and at improving the quality of the lint. A great measure of success has been achieved in both directions, and the improved strains introduced were sown during 1925-26 on over three million acres which represent nearly 12 per cent of the total area under the crop in the country. Over three-fourths of this area lies in the three provinces of the Punjab, Bombay, and Madras where India's longer stapled varieties are mainly grown. The marketing of the produce of these superior varieties has been facilitated by the introduction of the "Liverpool Empire and Miscellaneous futures" contract against which Indian cottons equal to 'Strict Low Middling American' in staple, grade and value are tenderable in common with other Empire cottons.

The application of the Cotton Transport Act to parts of the Bombay Presidency has led to a marked improvement in the purity and quality of Surat, Kumpta and Dharwar cottons, and it is proposed to extend it to the Broach cotton area north of the Narbada. The three zones of the Madras Presidency where the Act has been applied are the Northern and Westerns, Cambodia and Tinnevely. The cotton Ginning and Pressing Factories Act, which is considered as a necessary corollary of the Transport Act, came into force during the year, and several instances have already come to notice which illustrate its particular value in dealing with abuses.

The facilities offered by the Technological Laboratory of the Indian Central Cotton Committee for ascertaining the value of new cotton by spinning tests with 12 lb samples are much appreciated by cotton-breeders working in the provinces. The Institute of Plant Industry at Indore is steadily developing the programme of work put forward by the Director when the provision of this central station for agricultural research on cotton was decided upon. The Committee are also financing special research schemes in the provinces which promise to give valuable information on such phenomena as the shedding of bolls and buds and the wilting of cotton plants, and the control of spotted and pink boll-worms which do

the export trade. Of these, groundnut has come into much prominence in recent years. It is a good rotation crop and thrives well on light sandy soil. The Department of Agriculture has, by introducing superior varieties, helped to make the cultivation of this crop more popular. The area under groundnut is, in consequence, increasing. In the year under report the area was nearly 4 million acres as against three millions in the previous year and $1\frac{1}{2}$ millions seven years ago.

Owing to the ever-increasing pressure on the land in India, large areas formerly available for grazing have been brought under the plough and are being made to produce food for the growing population. In the struggle for existence the requirements of the cattle population have been badly neglected. The provision of a good quality fodder in sufficient quantity has, therefore, assumed paramount importance in the agricultural economy of the country, and the Agricultural Department has of late years given much attention to the question of both growing and storing fodders. Luscious fodders unknown in India 20 years ago, such as berseem (Egyptian clover) have been introduced and methods of storing green fodders in silo pits adopted, but only on a very small scale. The absence of irrigation facilities and the smallness of holdings may not, in certain tracts, permit of an increase in the area under fodder crops, but the preparation and use of silage to leaven the straw diet could, it is believed, be practised with advantage in every province in India. It has been definitely proved on Government farms that palatable ensilage can be made at little cost in pit silos from coarse grasses, weeds, and other herbage which are everywhere available in considerable quantities towards the end of the rains and are not put to any useful use at present. Feeding tests at Bangalore have conclusively shown that while cattle eat only enough spear grass hay to maintain themselves, they readily consume much larger quantities of the more palatable silage made from this inferior grass, and profit thereby.

In addition to economic work on crop improvement, a number of investigations bearing on land improvement and the manufacture of agricultural products are carried out by the Agricultural Department. During the year under review, some important results have been obtained regarding the movement of nitrates in the soil, the utilization of waste products for the preparat

the British yarn trade, while Japanese activities were temporarily suspended by the earthquake of September,

Piece-goods

1923 Turning now to cotton piece-goods, we notice that the total quantity imported decreased by nearly 7 per cent to 1,486 million yards and in value by 2.8 per cent to Rs 57 crores. The decrease was entirely in grey goods which shrank by 227 million yards or 24 per cent to 704 million yards. The value declined from Rs 30.5 crores to Rs 23 crores. On the other hand, white goods increased from 402 million yards valued at Rs 15 crores to 415 million yards valued at Rs 15.5 crores. Coloured goods showed a considerable expansion, the quantity rising from 244 million yards valued at Rs 12.5 crores to 347 million yards valued at Rs 17.5 crores. Here an interesting point emerges. The decrease in the imports of grey goods was accompanied by a small decrease in the grey goods produced in India. Since there was a considerable increase in the Indian production of coloured goods, the figures indicate a swinging back of popular preference to white and coloured goods. The United Kingdom still engrosses the largest share of the trade. Of grey goods 85.2 per cent, of white goods 97 per cent, and of coloured goods 87.4 per cent, came from this country in 1923-24. Next in importance as a source of piece-goods is Japan, which during the period under review increased her share in the grey goods trade from 9.6 per cent to 13.7 per cent. Her share of white goods remained steady at 0.6 per cent, while her proportion of coloured goods increased from 6.3 per cent to 6.7 per cent. Hence, during 1923-24, Japan improved her position slightly at the expense of the United Kingdom. Of the total quantities of piece-goods imported, the share of the United Kingdom declined from 91.2 per cent in 1922-23 to 88.8 per cent in 1923-24, while that of Japan rose from 6.8 per cent to 8.2 per cent in the course of the same period.

Second, but following cotton manufactures at a long distance, came machinery and mill-work. During 1923-24 the total imports

2. Machinery and Mill Work

of machinery of all kinds, including belting for machinery and printing presses amounted to Rs 20 crores, which is Rs 4 crores less than the figure for 1922-23. The value of textile machinery imported showed a considerable decrease, which is no doubt partly to be ascribed to extensive importations during the previous two years. Electrical machinery also showed a decline, while prime-movers rose

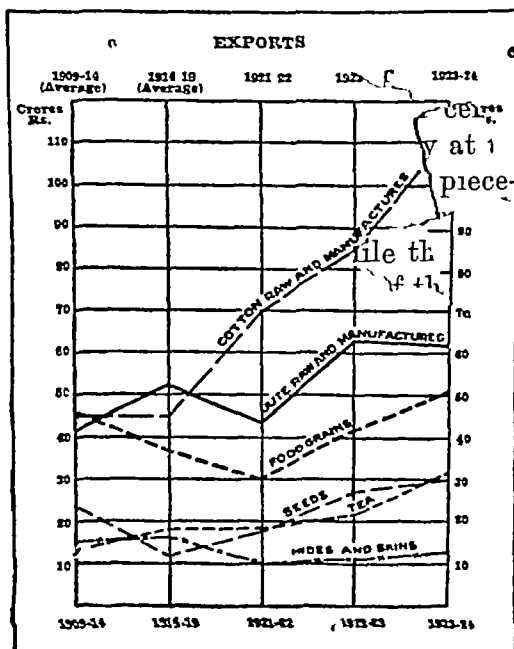
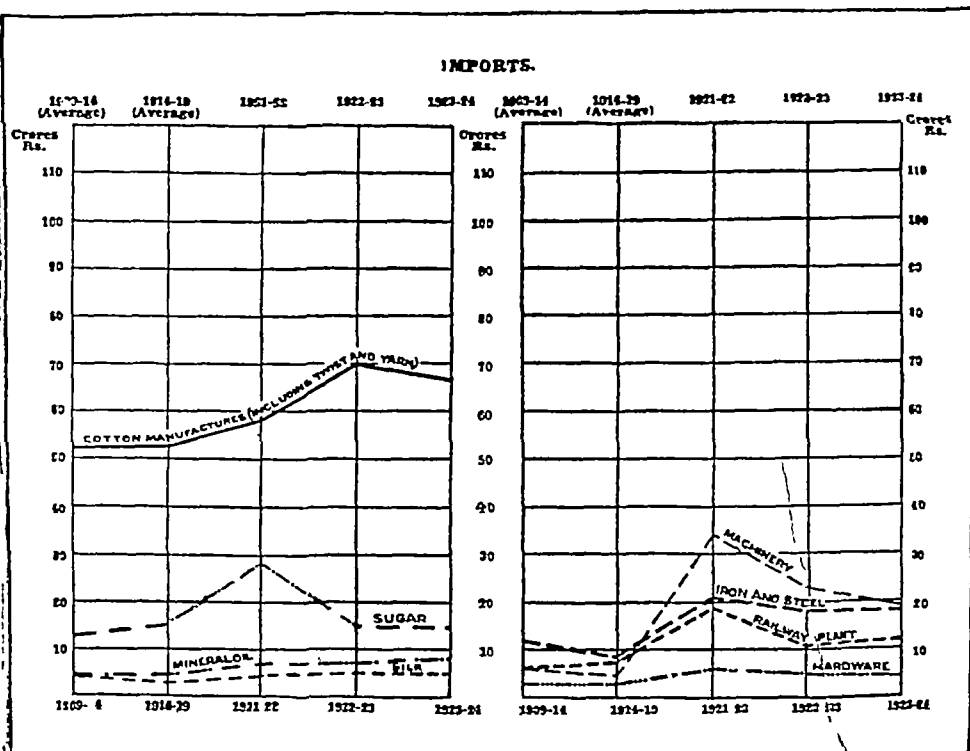
fore, every prospect of the department being able to fix, in course of time, types of profitable dual-purpose animals

The problem of producing milk in rural areas, where it is relatively cheap, for transport to urban centres where it is dear is being tackled on practical lines. In Bengal, the Co-operative Department has successfully organised the sale of village milk. The Telankheta Co-operative Dairy which has for many years supplied milk to Nagpur is a successful concern. In the United Provinces, two private schemes have been promoted for the supply of milk to the cities of Agra and Hathras, and a third one for Naini Tal is being initiated. Similarly, milk transported daily from Pusa to Muzzaferpur, a distance of 22 miles, finds a ready market. As such schemes can be made successful only when supervised by qualified men, arrangements have been made at the Imperial Institute of Animal Husbandry and Dairying at Bangalore, to train dairy managers.

The Indian Veterinary Service has devoted a very large part of its work during the year to fighting the destructive contagious diseases to which Indian cattle are so exposed. Rinderpest which broke out in an intense form in the latter half of 1924 after a comparative respite of over three years, raged with an almost unprecedented virulence throughout the year ending April 1926 in all major provinces, except Bihar and Orissa. The reported mortality from contagious diseases consequently rose to the record figure of 399,845, which has only once been exceeded within the last decennium. In an unhealthy year such as this there was naturally an abnormal increase in the calls made on the services of the veterinary staff, who carried out 1,550,199 preventive inoculations in the field as against 968,431 in the previous year. The cases treated at the veterinary hospitals and dispensaries and by itinerant ~~veterinary~~ officers rose from 2 740 121 to 2 839 688.

DIAGRAM No. 7.

Variations in the values of principal articles in the Import and Export Trade of British India during the last three years as compared with averages of the pre-war and war periods.



immense amount of valuable knowledge made available for them by the Agricultural and Veterinary Departments, there cannot but be an appreciable improvement in welfare. But what of the many millions who live where irrigation schemes can never help them and those who are too poor or too ignorant or too apathetic to take advantage of the new agricultural methods and implements? Can we say that their condition has improved or is improving? This question we cannot answer definitely owing to the lack of data on which we have already commented. But there are general indications that the lot of the Indian agriculturist is now better than it was in the past, even in the comparatively recent past. The multiplication of third class passengers on the railways during the last decade or so indicates that more money is now available after the bare necessities of life have been procured than there was previously. The increase of bullock carts and other wheeled traffic in most Indian districts is another sign which points in the same direction, as also does the increased absorption of rupees, which has taken place of late years. Again, during the last period of wide-spread scarcity in 1921 less than 3 per cent of the total population in the area affected was in receipt of relief and even the poorest classes were able to purchase corn when its price was highest instead of having to live on wild roots and seeds and other jungle produce. Such direct evidence as we can collect, slight though it is, supports these conclusions. At the end of last century the average income for all India was estimated at Rs 30 per head per annum. This, however, was hardly more than a guess, but even a guess to-day would have to put the figure much higher. In Madras, for example, the Statistical Branch of the Department of Agriculture published a few years ago a careful estimate of the income earned by agriculturists in the form of agricultural products throughout the presidency. According to this computation the average income per head worked out at a little over Rs 100 for the 42·3 million persons of the Madras Presidency. Investigations pursued in Bombay have yielded results not dissimilar. The net per capita annual income, arrived at by dividing the gross income of a family, minus agricultural and business expenditure, by the total number of persons in the family, works out at about Rs 100 for urban localities, and for rural areas at about Rs 75. The time is more than ripe for further investigations of this sort by provincial governments, for adequate data concerning agricultural income and welfare generally at the present

tinued to be Java, from which country came nearly 90 per cent of the total quantity imported, as compared with 84 per cent in 1922-23. Mauritius sugar, which in 1922-23 accounted for 7 per cent of the total Indian imports, shrank during the period now under review to 1,300 tons as compared with 31,400 tons a year ago. The anticipation expressed in last year's Statement that Mauritius sugar was likely to be diverted to the United Kingdom as a result of the preference accorded to it, has been fully realised. As compared with an import of 0.4 million tons of refined and unrefined sugar, the local production of Indian raw sugar amounted during 1923-24 to 3.28 million tons—an increase of nearly one-quarter of a million tons over the figure of 1922-23.

Next in order of importance come railway plant and rolling stock. The value of the quantities imported—Rs 14 crores—

represents an increase of Rs 0.25 crores over

5 Railway Plant and Rolling Stock

the figures for 1922-23. The number of carriages, wagons, locomotive engines and

tenders increased, while there were notable decreases in sleepers and keys of steel and iron, rails, chairs and fishplates. The United Kingdom increased her proportionate share of the total trade from 93 per cent in 1922-23 to 94.6 per cent in 1923-24. The share of Australia, which consists mainly of wooden sleepers, rose from 0.6 per cent to 1.3 per cent. The imports from Belgium decreased from Rs 0.04 crores to Rs 0.026 crores, while the United States slightly increased her exports under this head to India from Rs 0.016 crores to Rs 0.017 crores.

Sixth among commodities imported come mineral oils, comprising mainly kerosene, fuel oils, and lubricants. Very little petrol is imported from abroad, for the bulk of the

6 Mineral Oils

spirit employed in India comes coast-wise

from Burma. In 1923-24, the total quantity of foreign mineral oil increased from 133 million gallons to 169 million gallons, the advance being due almost equally to kerosene and to fuels. The imports of kerosene from abroad amounted to nearly 69 million gallons, as compared with 50 million gallons in 1922-23. This quantity exceeded by 2 million gallons the average annual imports during the pre-war quinquennium. During the period we are now considering the United States supplied 67 per cent of the total imports, and Dutch-Borneo 15 per cent, while, for the first time

schemes are numerous, and the practice of providing creches for infants is growing. Indeed, in some places private employers have got ahead of the municipalities in the provision of some of the more necessary amenities of life for the urban working classes. In the cities where labour is most congested, that is, in Calcutta and Bombay, the efforts of the more enlightened employers to provide healthy housing accommodation are hampered by difficulties in acquiring land, but in Bombay, single stories tenements have been built in preference to the unsatisfactory *chawls* in spite of the very high price of land there.

When we turn to those activities of the state which are devoted to improving the conditions of industrial labour we see that much has been accomplished within the last few years. The Factories Act has introduced a 60 hours week, and has provided for the exclusion from factories of children below the age of 12, the abolition of night work for women, and other reforms. The Mines Act of 1923 prohibited the employment of children under 13 years of age and their presence below ground. Hours of work have been limited to 60 a week above ground and to 54 below ground, and a weekly day of rest has been prescribed. The Act has also enlarged the definition of mine and made possible the prohibition of the employment of women under ground. Draft regulations for the exclusion of women from the underground parts of mines have been drawn up and are being referred to mining boards for opinion. Also, a Bill has been introduced into the Legislature to amend the Mines Act of 1923 so as to limit the daily hours of work in mines to twelve, and to require, where a mine is worked continuously, that work shall be carried on by a system of shifts.

In addition to the above two pillars of industrial legislation in India, the Workmen's Compensation Act passed in 1923 introduced for the first time into this country a system for alleviating hardship caused by industrial accidents, whilst the Indian Trade Unions Act, which was designed to encourage trade unionism on sound lines, was passed by the Indian Legislature in the Delhi Session of 1922. The Act will come into force on the 1st June 1927.

The Factories Act dates, in its present shape, from July 1919. Owing to the change in conditions brought about by the ~~war~~ time it was realised that new legislation was necessary, and accordingly, a new Factories Bill was introduced in the ~~Legislature~~ ^{Legislature}.

Among miscellaneous headings we may notice a small increase from Rs 3 15 crores to Rs 3 26 crores in instruments and apparatus, which was mainly due to the increase in value of electrical instruments imported. Liquors

Miscellaneous showed a decline from Rs 3 42 crores to Rs 3 15 crores, the falling-off being due particularly to cheaper Continental beer and spirits. The total quantity imported increased from 4 6 million gallons to 4 7 million gallons. Ale and beer, brandy, gin, liqueurs and wines showed increases, and German light beers are now once more ousting Japanese beers from the Indian market. The imports of paper and pasteboard increased in quantity by 15 per cent from 60 thousand tons to 69 thousand tons, but owing particularly to the lower prices of German paper, there was a decline of 3 per cent from Rs 2 79 crores to Rs 2 71 crores in value.

Turning now to the export trade of India we may notice that as in the preceding two years, cotton occupies the principal position.

Survey of Exports
1. Cotton The total value of raw and manufactured cotton exported from India in 1923-24 amounted to Rs 109 4 crores as against Rs 84 crores in 1922-23. Nevertheless, the period under survey was not very favourable to the industry. It was one of general depression among Lancashire spinners, while the uncertainty of the position was intensified by the character of the American cotton season.

Raw Cotton Hopes of a large crop were disappointed. The Indian crop of 1923-24, despite an increased area of 6 per cent, realised practically the same quantity as in 1922-23, namely just over 5 million bales. Demands for cotton from Indian Mills were reduced both by serious strikes and by poor markets. But export was brisk, the high prices of American cotton leading to an increased call for the cheaper Indian product. During 1923-24 exports rose to 3 76 million bales as compared with 3 36 million bales in 1922-23. The value rose by 39 per cent to Rs 98 crores, representing 28 per cent of the grand total of all Indian merchandise exported. Japan was, as hitherto, India's best customer, taking 1 72 million bales or 46 per cent of the total quantity exported. We may notice that Bombay was responsible for 79 per cent of the total shipments.

Yarn The production of cotton yarn in Indian mills during the period we are now reviewing was the lowest on record since 1904-05, amounting to only 608 million lbs as compared with 706 million lbs in 1922-23. In the early part

standards with a view to safeguarding the health of the operatives. The Bill died with the dissolution of the Legislative Assembly but it has been circulated for the purpose of obtaining the opinions of provincial governments on it and these opinions are now being considered by the Government of India. The bulk of the responsibility for the enforcement of the Factory Act now rests on a well qualified whole-time staff. The growth of interest in factory legislation on the part of the educated public and those whom that legislation is designed to protect gives to the administration a support which is more valuable than is generally realised.

It is no insignificant commentary on the interest taken by the State in the welfare of the workers that the number of persons injured for every 100,000 employed in 1925 as compared with the corresponding figures for 1892 was not unduly high when regard is paid to the increased complexity of the plant and the regrettable lack of progress in the Indian workman's ability to recognise the dangers which are not inseparable from the use of modern machinery.

The latest report on the working of the Factories Act relates to the year 1925 during which the number of factories rose from 6,406 to 6,926 and the factory population increased from 1,455,592 in 1924 to 1,494,958 in 1925, that is, an increase of over 39,000. The increased employment of women which was noticed in last year's report continued during 1925, when the number of women employed was 247,514 as compared with 235,332 during the previous year. But there has been a further decline in the number of children employed in factories from 72,531 in 1924 to 68,725 in 1925, and it is probable that the growing demand for women's labour is partly due to the restrictions on the employment of children which have recently been made effective. The percentage of factories maintaining a week of 48 hours for men is 27, in 12 per cent more the men employed worked for 54 hours or less, the number working more than 54 hours is 61 per cent. For women the corresponding percentages are 32, 11 and 57. These figures show that the progress which was noted in last year's report in respect of hours of work has not been maintained during the year 1925. The number of factories in which the employees are worked for the maximum hours permissible under the Act shows a tendency to increase. An unsatisfactory feature of the year is the increase over last year in the number of

war year Of raw jute Germany was the largest purchaser, taking nearly 25 per cent of the total quantity exported The United Kingdom came next, while shipments to the United States of America slightly decreased The export of bags increased by 20 per cent from 344 millions to 414 millions Australia was the largest purchaser and her takings increased from 63 millions to 79 millions Chile also increased her demands to 44 millions as compared with $6\frac{1}{2}$ millions in 1922-23 and $4\frac{1}{2}$ millions in 1921-22 Next came the United Kingdom taking 41 millions as compared with 31 millions a year ago Exports of gunny cloth increased in quantity by 8 per cent, the principal consumer being the United States which took 946 million yards out of a total of 1,349 million yards The Argentine increased her takings from 126 million yards to 192 million yards, and the United Kingdom from 50 millions yards to 66 million yards

The third commodity in order of importance is food grains and flour In 1923-24 the exports under this head amounted to 3 43 million tons valued at nearly 51 crores This represents an increase of 32 per cent in

3 Food Grains quantity and 20 per cent in value Of the total exports under this head 64 per cent was represented by rice and 20 per cent by wheat and wheat flour But of the total production of cleaned rice, estimated during the year under review at just over 28 million tons, only 2 2 million tons were exported India's principal customer was Germany, which regained her pre-war position, taking 0 4 million tons as compared with 0 3 million tons in the preceding year Ceylon increased her purchases to 0 39 million tons from 0 36 million tons The exports of wheat showed a considerable rise from 0 2 million tons valued at Rs 3 4 crores to 0 64 millions tons valued at Rs 9 1 crores This quantity was still only about one-half of the exports in 1913-14, but represents merely a small fraction of the total production of wheat in India, estimated during the period under review at 9 75 million tons The United Kingdom considerably increased her takings and imported 0 49 million tons or 77 per cent of the total quantity as compared with 0 19 million tons in 1922-23

The tea industry experienced an exceptionally favourable year, tea ranking as fourth in order of importance among the commodities sent over-seas from India The

4 Tea total production was estimated at 375

ing will be suitable for purposes of a factory In consequence, work is frequently begun in buildings which have been constructed in entire ignorance of the requirements of factory law and not infrequently, a serious accident occurs before the Factory Inspector becomes aware that the building is being used as a factory Also the construction of many existing factories is such as to make it difficult to secure reasonable standards of comfort for the operatives employed in them Much can, however, be secured by co-operation between the municipalities and the factory inspection staff In the Howrah Municipality a number of plans for proposed factory buildings were sent to the Chief Inspector of Factories for approval, with the result that in many cases it was discovered that the buildings were not designed to secure adequately the safety and health of the operatives

The number of convictions obtained during the year for contravention of the Factories Act, was 998, 271 persons in all were convicted The corresponding figures for 1924 were 615 and 223. The increase in the figures may be taken as a satisfactory indication of increasing strictness in the enforcement of the provisions of the Act Complaints as to the inadequacy of fines in some cases are unfortunately repeated in provincial reports although there are signs of improvement in this respect There are, however, still a few cases in which a merely nominal fine has been imposed for the illegal employment of women and children

The most satisfactory feature of the year's working was the increase in the percentage of factories inspected The number of inspections made was substantially in excess of the number in any previous year and the percentage of factories uninspected fell to 14 As the factory inspection staff is not yet adequate in all provinces, the figures are distinctly creditable

have been facilitated first by a stronger Continental demand, and next by a reduction of the export duty India's principal customers for raw hides during 1923-24 were Germany and Italy, which countries took Rs 2 18 crores worth out of the total shipments of Rs 2 85 crores. The exports of raw skins declined in quantity from 20,800 tons in 1922-23 to 19,300 tons during the year under review, but rose in value from Rs 3 5 crores to Rs 4 06 crores. As usual, the United States was the best customer for goat skins, taking over 75 per cent of the total quantity exported. The trade in tanned hides and skins showed a continuation of last year's revival. The total quantity exported was more than 18,000 tons valued at Rs 5 90 crores. Among individual tanned hides, cow hides showed the largest increase, rising from 8,530 tons valued at Rs 1 99 crores to 11,466 tons valued at Rs 2 77 crores. As in previous years, the United Kingdom was the principal market, taking 93 per cent of the tanned hides and 65 per cent of the tanned skins.

Seventh in value in the list of India's exports during the year under review came lac, in which India has virtually a natural monopoly. The total quantity exported increased from 0 476 million cwts to 0 486 million cwts while the value showed a decrease from Rs 10 27 crores to Rs 9 06 crores. The United States maintained her position as India's best customer for this commodity, taking 59 per cent of the total lac of all kinds shipped.

Among other commodities, we may notice that the expanded trade in raw wool characterizing 1922-23 was not maintained in the year under review, and exports fell from 53 million lbs to 37 million lbs. Demands from the United Kingdom were considerably smaller than in the previous year, and there was an increased consumption by Indian woollen mills. The exports of vegetable oils also decreased in quantity from two million gallons to 1 47 million gallons, but there was a large increase in the exports of animal oils, chiefly fish oil, from the Madras Presidency.

The direction of India's trade in the year ending March 31st, 1924 may be studied summarily in the two diagrams appended to these pages.

Direction of Trade We may notice that save in the case of the United Kingdom, India's exports normally exceed her imports from all countries with whom she has large dealings. But it is to be seen that the excess

Assistant Secretary to the All-India Trades Union Congress showed eight federations and 167 trade and labour unions in India. Nearly half of these, however, were organisations either of Government servants or of persons connected in some way or other with Government employment whilst some of the others were ephemeral or obscure. Trade Unionism has met with some success among Railway and Postal employees but has not hitherto progressed well in the great organised textile and mining industries. So far there has not been much co-ordination between the different trade unions in this country although the All-India Trade Union Congress was started in Bombay in 1920. However it is possible that there is some slight tendency in the direction of co-ordination, and its officials claim that the Trade Union Congress represents over 100,000 organised workers in this country. There have hitherto been far too few organisers of the right type, and many so-called Trade Unions have been formed in the past by political agitators who have instigated strikes in pursuance of purely political ends often with a callous disregard of the subsequent sufferings and losses of their ignorant and hapless dupes. The Indian Trade Unions Act, which was discussed in last year's report, now provides the conditions under which a healthy and valuable development of Trade Unionism may take place and there is no reason to doubt that it will produce the results which are hoped for and expected of it.

The problem of unemployment wherever it exists is primarily one for the provincial governments to tackle, but the Government of India have drawn their attention to its gravity. Unemployment in India is not an easy question to deal with, because practically none of the data required for an adequate treatment of the subject are available. It is quite certain that the problem of unemployment differs in important respects from the problem as it is understood in Western countries. Thus, although unemployment occurs sporadically among particular classes of workers and may be a regular feature in a few industries such as shipping, there is no reason to believe that general unemployment is a normal feature of the Indian industrial system whilst on the other hand it is certainly true that in a number of Indian industries the demand for labour is generally greater than the supply. Unemployment in Indian industries, in fact, only occurs on a wide scale when scarcity or famine produces

been included in the category of "statutory natives of India," "European British subjects," and, lastly, according to the Railway Budget for 1927-28, as "other classes." This uncertainty of status has undoubtedly helped to render the position of the Anglo-Indian community precarious, and, since the inauguration of the Reforms and the consequent Indianisation of the different services, particularly of the Railways which has taken place, the economic conditions of the community have undoubtedly deteriorated. This worsening of their conditions has led the Anglo-Indians to organise themselves for the improvement of their lot. Anglo-Indian Relief Committees have been formed in many places in India and the All-India and Burma Anglo-Indian and Domiciled European Association under the Presidentship of Lieutenant-Colonel Gidney, who represents the community in the Legislative Assembly, has taken up among other things the question of Anglo-Indian education with a view to making it more adequate to the circumstances of the present day. Some Provincial Legislative Councils have shown a tendency to reduce the grants for European education which includes Anglo-Indian education, and Colonel Gidney and his Association have therefore started an education Fund. Owing to the general poverty of the community subscriptions necessarily flow in slowly, but after less than a year the fund has reached the figure of Rs 15,000. A trust deed has been executed in respect of this fund and trustees have been appointed. As was pointed out in last year's report the restriction of the employment of Anglo-Indians in the railways and Government services renders it absolutely imperative that the children of the community should receive an education which will enable them to compete with others in the learned and commercial and other professions. Improvement in this respect is already apparent and whereas only a few years ago hardly a single Anglo-Indian University graduate was to be found in the country, there are now over a hundred students in Calcutta alone going up for University degrees and other important centres report in the same strain. In addition to making these efforts towards communal organisation and education, the Anglo-Indians are seeking to identify themselves with the other communities which own India as their mother country, and are claiming the rights and privileges and accepting the duties pertaining to such a status. The Anglo-Indian Deputation under Lieutenant-Colonel Gidney, whose activities were described in last

decreased in the year under review from 48·6 per cent to 43·2 per cent, while Italy improved her position from 6·8 per cent to 15·2 per cent, and the United Kingdom from 5·9 to 8·7 per cent. In food grains, the United Kingdom considerably improved her position, and during the period now under review was India's best customer, taking 20·5 per cent.

The general tendencies outlined in the last paragraph may be illustrated by an examination of the import and export trade between

**Certain Countries
United Kingdom**

India and her various principal customers

Taking first the United Kingdom, we may notice that the value of the imports from this

country showed a further decrease in 1923-24 amounting to Rs 131·5 crores as compared with Rs 140 crores in the preceding year. On the other hand, the value of the exports from India thereto increased by Rs 20 crores to Rs 90 crores. Of the total imports from the United Kingdom, cotton manufactures, including twist and yarn, accounted for 42 per cent of the value. There was, however, a decrease of 9 per cent in quantity and 5 per cent in value in cotton piece-goods, the decline being mostly under grey goods. The value of imports of iron and steel increased from Rs 10·6 crores to Rs 12 crores, and of railway plant and rolling-stock from Rs 10·5 crores to Rs 11 crores. Coal and coke showed a heavy decrease, the value falling from Rs 2 crores in 1922-23 to Rs 0·33 crores in 1923-24. On the export side, the principal articles purchased by the United Kingdom from India were tea (Rs 28 crores), food grains (Rs 10·5 crores), seeds (Rs 9 crores), raw cotton (Rs 8·5 crores), raw and manufactured jute (Rs 7·75 crores), raw and tanned hides and skins (Rs 5 crores).

The trade of India with other British possessions showed a decline. In the export trade, the values fell from Rs 58 crores

British Possessions

to Rs 50 crores, while the imports

declined from Rs 16 crores to Rs 15 crores. Trade with Ceylon, the Straits Settlements, Canada, and Australia showed slight increases, while that with Hong Kong, Mauritius, South Africa and Mesopotamia displayed a fall.

As in the two preceding years, the country ranking second in importance to Great Britain in India's foreign trade was Japan.

Japan

During 1923-24 the total Japanese trade with

India increased from Rs 55 crores to Rs 64·75 crores, the rise being mainly due to the increased

missioner to attend during at least one season of the Bureau each year

Now that the financial outlook in India has improved, Government has been able to give increasing help to Medical Research. During the year 1926-27 the Indian Research Fund Association received a total grant of Rs 6,75,000 from the Government of India and financed 47 different enquiries in the field of medical research, including investigations into various aspects of malaria, plague, cholera, helminthology, kala-azar, leprosy, nutritional diseases, tuberculosis, dysentery, diarrhoea and other intestinal disorders, skin diseases, relapsing fever, dengue and sandfly fever and diabetes. The Association also continued its contributions towards the cost of two professorships at the Calcutta School of Tropical Medicine and Hygiene, the pay of Dr Muir employed on the leprosy enquiry at the same School, and the up-keep of the Imperial Bureau of Entomology, London, and also sanctioned new grants towards a permanent central malaria organisation and the Bio-Chemical Section at the Haffkine Institute, Bombay. The Fourth Annual Conference of Medical Workers in India was held at Calcutta from the 13th to the 16th December 1926. Fifty-four delegates attended and each research worker gave a brief account of his investigations. A programme of work for 1927-28 which would absorb almost the whole of the Indian Research Fund Association's income, was recommended for the consideration of the Scientific Advisory Board and was finally approved by the Governing Body. Further, the scheme for establishing an Imperial Medical Research Institute at Delhi, which was postponed in 1923 in deference to the recommendations of the Indian Retrenchment Committee, has now been revived. It was suggested to the Secretary of State in September 1926, that the scheme should be reconsidered and that as a preliminary the whole question should be re-examined by a committee consisting of four experts, two selected from India and two from abroad. The sanction of the Secretary of State was received and steps are being taken to appoint the members of the Committee. In commemoration of the visit to India of Sir Ronald Ross in January 1927, an experimental malarial station will soon be opened at Karnal under the auspices of the Indian Research Fund Association and will be named after him.

Of the other countries with whom India conducts overseas trade, we may notice that the value of India's commerce with Italy more than doubled in the year under review, rising from Rs 12 3 crores to Rs 24 5 crores

Other Countries This is to be ascribed principally to increased exports of Indian cotton With Java the total value of India's trade rose from Rs 16 crores to Rs 17 75 crores, owing principally to the increased value of shipments of sugar France, the Netherlands, and South America increased their trade with India, while China and Belgium showed a decline

While the bulk of India's foreign trade is sea-borne, the land frontier trade remains none the less considerable In 1923-24 it amounted to Rs. 36 crores—no inconsiderable figure, despite the fact that it represented the

Trade by Land. equivalent of only 6 per cent of the sea-borne trade Statistics for the frontier trade are not always easy to collect, and the figures for the year under review are somewhat vitiated by the lack of returns from certain important territories We may none-the-less note that the trade with Afghanistan, which is the most important on the North-West Frontier, was reported from the incomplete returns available as amounting to Rs 2 67 crores, imports accounting for Rs 0 9 crores and exports for Rs 1 7 crores The articles principally imported were fruit, vegetables and nuts, raw wool, shawls, leather, oil seeds and tobacco Among the articles of export may be mentioned cotton manufactures, tea, and sugar, wheat and liqueurs The total trade with Persia amounted to Rs 2 08 crores, a figure which shows a slight falling off from that of the previous year There were smaller receipts of raw cotton and raw wool, of woollen carpets and of pistachio nuts On the other hand, the value of the exports to Persia, which amount to Rs 1 5 crores, showed an increase of 19 per cent over those of the previous year This expansion was largely due to increased use of the new railway extension to Duzdap Persia purchased larger quantities of cheap Indian yarn and piece-goods in preference to the higher priced foreign commodities There was also a brisk demand for Indian black tea With Nepal, India's trade is always considerable During the year under review, this country engrossed 26 per cent of the whole frontier trade to the value of Rs 8 88 crores This figure represents an increase of more than one crore of rupees over the previous year A special feature of the trade during 1923-24 was a considerable

November 1926 Sir Norman Walker reached India towards the end of December and he and Colonel Needham visited and inspected the various Indian Medical Colleges Their report had not been submitted at the end of the year under review

In July 1926, a revised scheme for the re-organisation of the Medical Services in India was submitted to the Secretary of State The main features of the scheme are that Provincial Civil Medical Services should be constituted and recruited by Local Governments, that the suggested unification of the Military Medical Services in India should be abandoned, that an Indian Medical Service constituted on the same broad lines as at present, should be retained primarily for the purpose of meeting the needs of the Indian Army and that in order to maintain the necessary war reserve of military medical officers and to provide European medical attendance for European Officers of the Superior Civil Services and their families, provincial Governments should be required to employ a stated number of Indian Medical Service Officers in addition to Officers of the Provincial Medical Service

The question of medical relief for the women of India calls for special notice For years past, knowledge of the conditions under which so many of them live and give birth to their children has been growing in the outside world, particularly in England, as well as among those responsible for the government of the country With this knowledge has grown the conviction that something must be done to alter these conditions and the will to do it, but official and non-official action must go warily, for relief in this matter finds itself confronted at every step with customs and practices which have acquired religious sanctions and the prestige which comes of age-old observance The custom of child marriage among the Hindus, and the purdah system cause, or at any rate cloak, immeasurable suffering and also make difficult the approach of medical practitioners, particularly men, to the suffering women, but while purely governmental action is brought to a halt by the wall of religious and traditional usage, other agencies can manage to find a foothold in the cracks and crannies, and come at least to the threshold of the territory on the other side of the wall

Medical relief for women in India is the special care of three quasi-official institutions, neither "central" nor "provincial,"

Rs 369 crores, an increase of 13 per cent over the figure of Rs 327 crores of the preceding year

An examination of the import trade shows that in each month of the calendar year, 1924, except February, and April, there were

increases over the values recorded in the year
Imports—1924. 1923 The decrease in February was mainly due to smaller imports of sugar, cotton piece-goods, and cotton mill machinery, while reduced imports of kerosene oil, and cotton mill machinery were mainly responsible for the decrease in April. In brief, it may be stated that the principal increase in value of the imports of 1924 as compared with those in 1923 occurred under the headings of cotton, raw and manufactured, sugar and woollen piece-goods. There were considerable decreases in the imports of cotton machinery and railway plant and rolling-stock. The total quantity of cotton piece-goods imported in 1924 showed an increase of 216 million yards to 1,705 million yards, the value rising by 19 per cent. to Rs 66 crores. We may notice that grey goods, which had been less prominent in 1923-24 than in previous years, regained some of their popularity, the value of this head increasing from Rs 23 crores to Rs 28 crores. White goods showed a rise from Rs 15 crores to Rs 18 75 crores, while coloured goods increased from Rs 17 crores to Rs 19 crores. Imports of cotton twist and yarn rose in quantity by 7 million lbs, and in value from Rs 7 8 crores to Rs 9 6 crores. This was due chiefly to larger imports from Japan, which supplied in 1924, 31 million lbs as compared with 25 million lbs in the preceding year. Imports of raw cotton showed a noticeable increase, rising from 12,200 tons to 20,800 tons of which no less than 16,500 tons came from Kenya. Imports of iron and steel showed a considerable increase both in quantity and in value; a noticeable rise taking place in the value of galvanized sheets and plates imported from the United Kingdom.

Belgium increased her supplies of steel bars from Rs 1 6 crores to Rs 1 8 crores. Due to decrease in cotton mill and jute mill machinery, the value of the imports of machinery and mill work fell from Rs 20 8 crores to Rs 14 72 crores. There was also a decrease in the imports of carriages, wagons, locomotive engines and tenders. Sugar showed an increase in quantity from 0 498 million tons to 0 517 million tons, while the value showed a small decline. We may notice that the imports from Java, including the Straits Settlements,

Child Welfare generally in India." The high rate of infant mortality in India was felt to be a blot on her health administration; but "lack of funds" was the official excuse for not tackling the problem. Lady Chelmsford determined to fill the gap and collected a sum which yields an income of over half a lakh of rupees.

The League has done admirable work, though its developments have not been quite those which were anticipated, this rather in its methods of work than in its objects. The work undertaken by the Red Cross Society with its surplus income after the war, has resulted in the League devoting the largest part of its income to the education of Health Visitors, the remainder being expended on propaganda and on work outside Governors' provinces. Schools for the important work of educating Health Visitors have been opened in Delhi, Lahore, Madras, Calcutta, and Nagpur, while some training is given also at Poona under the *Seva Sadan*. The first four are assisted by the Lady Chelmsford League, though the Punjab Government has lately decided to take over the one at Lahore. It is discouraging to note, however, that despite the good work being done by these schools, candidates do not come forward in sufficient numbers.

The League's propaganda consists in publishing leaflets, pamphlets, books, and posters in various languages and in providing travelling Exhibitions of Maternity and Child Welfare. The League also acts as a bureau of information for the whole of India and is in touch with Child-Welfare all over the world. In February 1927 the League called an important conference for the discussion of maternity and child-welfare problem. Delegates from all parts of India and Burma and even from Ceylon attended and the results achieved were highly satisfactory.

"Baby Week" is a development of one side of the League's activities, and was organised in its present form by Lady Reading. It would be difficult to exaggerate the practical importance of the

and gunny cloth showed a considerable increase both in quantity and in value. Australia took 74·5 million bags, followed by Chile (49·5 millions) and the United Kingdom (45 millions). Both America and the Argentine considerably increased their purchases of gunny cloth. Shipments of rice increased in value from Rs 32 crores to Rs 37 crores, and in quantity from 2·04 million tons to 2·29 million tons. The quantity of tea exported in 1924 increased from 325 million lbs to 344 million lbs and the value from Rs 30·5 crores to Rs 33 crores. The United Kingdom took 304 million lbs as compared with 283 million lbs in 1923. Finally, we may notice that the total visible balance of trade at the end of the calendar year, 1924, amounted to Rs 80 crores as against Rs 63·8 crores for 1923.

From this brief review of Indian commerce during the year 1924-25, we are naturally led to the consideration of the connected

The Tariff

subject of the tariff. Here, as in other countries, the matter has a political as well as an economic side. For the last quarter of a century, powerful sections of Indian opinion have been demanding the formulation of some scheme of protection to safeguard the nascent industries of the country against the pressure of foreign competition. In the fiscal affairs of India, the reformed Government has ushered in a new era. As a consequence of the changed relations between India and Great Britain, India controls in ever-increasing degree her own fiscal policy. As a matter of convention, the Secretary of State for India now normally refrains from interference in fiscal matters when the Government of India and the Indian Legislature are in agreement. This has already resulted in endeavours to take stock systematically of the fiscal situation. In 1921, a Commission consisting both of officials and of representatives of European and Indian commercial interests, was appointed to examine, with reference to all questions concerned, the tariff policy of Government. The preliminary recommendations formulated in the report roundly urged the adoption of a policy of protection, which was to be applied with discrimination along certain general lines carefully indicated. In the selec-

tion of industries for protection, and in the degree of protection to be afforded, the Commission recommended that the inevitable burden on the community should be as light as was compatible with the development of the industries themselves. The report further recom-

and rationing is in force On the 31st of December 1926, the number of Burmans and non-Burmans registered as smokers were 761 and 15,118 respectively No new names may be added to the register and with the gradual disappearance of the persons now on it, opium smoking will cease to exist in Burma. The Assam Government have recently taken most active steps to control the practice and ultimately extinguish it, and a Bill to penalise opium smoking was under consideration at the end of March 1926 In the Punjab, Delhi, North-West Frontier Province, Baluchistan, and the United Provinces opium smoking in assemblies is a penal offence The Government of Bihar and Orissa propose to undertake legislation on the lines of the United Provinces Act and the Government of Bengal have under consideration a draft bill to control opium smoking at public gatherings The Government of Madras intend to prohibit opium smoking altogether and the Government of Bombay have decided to prohibit absolutely the possession of *chandu*

The policy of the Indian Government in the matter of opium exports is governed by international agreements The export of opium to any non-Asiatic country other than the United Kingdom is prohibited The export to the latter is for medicinal purposes only and is strictly controlled by the Import Certificate system The direct control over exports of raw opium which the Government of India had assumed in 1923 was extended to the other dangerous drugs covered by the Geneva Convention in 1926 In June, 1926, it was announced that the extinction of exports of opium for other than medical and scientific purposes will be accomplished in ten years, that is, no opium will be exported for purposes other than medicinal and scientific after December 31, 1935 The exports in 1927 will be 90 per cent of the exports in 1926, then in 1928 80 per cent of the exports in 1926, and so on With effect from the 12th of February 1927 the transshipment at any port in British India of any of the goods covered by the Geneva Convention has been prohibited unless covered by an export authorization or diversion certificate issued by the exporting country

Naturally, the present opium policy of the Government of India has not been adopted without considerable financial sacrifices the extent of which is a measure of the Government's sincerity During the last ten years, that is, between 1916-17 and 1926-27, the area

and the constitution of the Tariff Board. Generally speaking, however, the broad unanimity of the recommendations put forward by the Commission, as a whole, was but little impaired by the minute of dissent.

The publication of the Report led to a protracted discussion. The landed and agricultural interests together with the European commercial community, which is predominantly free-trade in its instincts, denounced the burden that a policy of protection would impose upon the consuming population of India. On the other hand, the majority of vocal political opinion joined with the indigenous manufacturing interests in condemning the report as being too cautious. From the discussion, two important facts emerged. First, that such Indian sentiment as found strong expression upon the tariff question was principally protectionist, and secondly that there was a general belief both among Indian politicians and Indian commercial magnates that a new day would dawn with the adoption of a thorough-going policy of protection. In other words, while the producer class of India has clearly perceived where its interest lies, the consumer class, which includes the mass of the population so far as foreign trade is concerned, takes at present but little interest

ernments in regard to the cleansing of ' black spots ' and placed the following specific suggestions before them for their consideration —

- (1) The appointment of Committees to conduct separate local enquiries in areas where the average consumption of opium exceeded 30 seers per 10,000 inhabitants
- (2) The investigation of the special problem presented by the large industrial areas
- (3) The application of a system of rationing and registration of consumers in areas of excessive consumption
- (4) The possibility of organising a system of liaison between the Government of India and the Provincial Governments for the purpose of assisting the latter in their local investigations

It is interesting to notice how the use of opium in India has declined within the past few years in the different provinces. Between 1910-11 and 1925-26 the consumption has fallen in Madras from 1,039 maunds to 890 maunds, in Bombay from 1,435 maunds to 754 maunds, in Bengal from 1,626 maunds to 999 maunds, in Burma from 1,444 maunds to 712 maunds, in Bihar and Orissa from 882 maunds to 626 maunds, in the United Provinces from 1,545 maunds to 550 maunds, in the Punjab from 1,584 maunds to 941 maunds, in the Central Provinces from 1,307 maunds to 794 maunds, in Assam from 1,509 maunds to 838 maunds, and in the North-West Frontier Province from 69 maunds to 48 maunds. In Ajmer-Merwara the Government of India are considering the desuability of special enquiry into the local circumstances that are responsible for the relatively high average rate of consumption per head of the population in that area and have recently called for the views of the Chief Commissioner of Ajmer-Merwara. In 1910-11 the consumption for the whole of India was 12,527 maunds, in 1925-26 it was 7,282 maunds. At the same time the revenue derived from opium in the various provinces of India, owing to the enhanced price at which the drug is sold, has risen from Rs 1 63 crores in 1910-11 to Rs 3 41 crores in 1925-26.

There is reason to believe that the use of cocaine and ~~all other~~ is increasing in the big cities of India, but Excise ~~staffs~~ are fully alive to the dangers from this source and ~~are~~

per ton and on sheets at Rs 30 per ton. The bounties, which were fixed at diminishing rates per ton on steel rails and fish plates produced in India, were fixed at Rs 32, Rs 26 and Rs 20 per ton respectively in each of the three years for which the arrangement was to be operative. It was anticipated that with the help which this protection would afford, the steel industry would be able, within three years, to attain its full production. It was also hoped that world conditions would probably be more stable after a lapse of the three years period, and that the data on which proposals could safely be based would be more satisfactory. In September 1924, however, it was found that owing to the fall in prices of Continental steel and the maintenance of the rate of exchange in the neighbourhood of 1s 6d, the Indian industry was in need of further assistance. The question was referred to the Tariff Board which again reported that the case was well-founded, and suggested enhancements of the import duty. The Government of India decided that further assistance to the Steel Industry could more appropriately take the form of bounties rather than of additional increases in duties. Such aid, while of immediate benefit to the industry, would not raise the prices of steel goods in the country. It was calculated that the utmost assistance which the local industry might obtain from the further increase in duty recommended by the Tariff Board, was some Rs 50 lakhs within a year. The Government of India therefore proposed to grant a bounty at the rate of Rs 20 per ton on 70 per cent of the weight of steel ingots, suitable for rolling into articles already protected by duties in the previous May, and produced in India from Indian pig iron between 1st October, 1924, and September 30th, 1925. The funds for these bounties were available from the surplus Customs revenue realized from the increased duty imposed in May on the recent large imports of steel. In January 1925, the new proposals were laid before the Legislative Assembly and accepted by that body. It is further to be noticed that on the

recommendation of the Tariff Board, the import duty on sulphur, which is an essential raw material for chemical and other industries, was removed, with effect from 9th June 1924. During the period we are now reviewing the Tariff Board enquired into the circumstances of other industries, including cement, paper making, Printers' Ink and magnesium chloride. Their recommendations on these subjects

Other Enquiries

These policies may be conveniently, if somewhat loosely summed up in the one phrase "minimum consumption, maximum revenue". The production of liquor is controlled as efficiently as circumstances permit, and increased excise duties discourage excessive indulgence. The different legislative bodies in India do not lag behind the Indian Government in their interest in this matter of Prohibition, which came up for discussion in the Council of State on February the 9th, 1927, when the Hon'ble Mr. Rama Doss Pantulu moved a resolution recommending Prohibition in the local administrations under the direct control of the Government of India. To this resolution, the Hon'ble Mr. Brayne, Secretary in the Finance Department, moved an amendment recommending to the Governor General in Council that a policy designed to promote and ensure moderation in the use of alcoholic liquors should be adopted in the said local administrations. The resolution, as amended, was carried by the Council and Mr. Brayne's amendment epitomises the policy which the Government of India have followed since many years before the Reforms. The Governments of Bombay, Madras and the United Provinces have accepted Prohibition or "abstinence" in general terms as the goal of their policy, whereas the Government of the Central Provinces have adopted as their goal the ultimate extinction of the consumption of country-made spirit. There is some reason to believe that the policy now pursued by some provincial Governments of raising the retail price of alcoholic liquor to a high figure may defeat their object by indirectly encouraging the production and consumption of deleterious illicit spirit. Towards the end of 1926, the Government of the Punjab found it necessary to reduce with effect from the 1st of April, 1927, the duty on country spirit from Rs. 12-8 to Rs. 10 per imperial proof gallon. In Assam a Local Option Bill was passed during the year under review.

It is thus clear from the above that the executive Governments both Central and Provincial, and the various legislative bodies in India are fully alive to their duties in the matter of controlling and reducing the consumption of drugs and alcoholic liquors in the country.

gether with other Indian public men, demanded the abolition of the duties mainly on political grounds. The excise was condemned as an emblem of India's political subservience when her fiscal policy was dictated from abroad, and its unconditional abolition was demanded to vindicate the country's honour. It was also pointed out that while the duty was inoperative as between Lancashire and India, it imposed a certain disability upon Indian mills in their endeavours to face Japanese competition during the present depressed condition of the industry. The Commerce Member, Sir Charles Innes, presented the economic aspect of the case on behalf of Government, and argued that the abolition of excise without corresponding reduction in the import duty would mean that the consumer would pay the excise to the Millowner instead of to the Government. Sir Charles concluded his speech with an expression of the inability of Government to accept a resolution which went beyond the terms of the pledge given by Lord Hardinge's Government in 1916. To this pledge, nevertheless, the present Government steadfastly adhered, reiterating their intention of removing the duty when the financial situation permitted. The resolution was carried against Government. But the statement of the economic aspect of the case obviously impressed the House, and subsequent speeches complained of the dilemma in which representatives of Indian opinion would be placed, if it came to a choice between the abolition of excise duty and the remission of Provincial contributions. In the Delhi session of 1925, the question of cotton excise again came up. The majority of non-official Indian members reiterated their desire for the speedy abolition of the cotton excise duty, and in the course of the discussion of the demands for grants, complained of the delay in the execution of the pledge which Government had given. An attempt was made, by temporarily adjourning the discussion, to enable Government and the Opposition to arrive at a compromise. This failed. The Finance Member stated that Government did not consider the budget position to be such as would enable them to reduce the cotton excise duty during the forthcoming year, without injury to the end towards which the whole financial policy of Government was directed, namely, the gradual extinction of Provincial contributions. The Assembly, while in no way denying the importance of remitting the levy from the Provinces, made it plain that in the opinion of the

by or on behalf of any public utility undertaking in the Empire. The amount of the contribution is not to exceed three-quarters of the interest payable during the first five years of the loan, and the capital sum on which the contribution is based is to be limited to the cost of materials to be purchased and manufactured in the United Kingdom. The scheme is applicable only to projects approved by the Governments concerned and certified to be in anticipation of normal expenditure. The British Treasury has set up a Committee to advise them on the cases in which they can properly make contributions. The provisions of the Trade Facilities Act have been brought to the notice of the local Governments and Administrations in India, and a memorandum for the guidance of applicants for the grants under the Act has been published in the country for general information.

The possibilities of co-operation in economic matters between India and the rest of the Empire received practical illustration

during the year under review in the British

**The British Empire
Exhibition**

Empire Exhibition. All the Provinces except the Central Provinces and Assam took

part in this Exhibition. With the exception of Burma, which organized its own exhibit in a separate building of a striking character, the Indian Provinces and most of the leading Indian States were accommodated in a building which had been erected at the expense of the Government of India. Both buildings attracted many visitors, and the majority of the exhibitors, especially those who had articles for sale, expressed themselves as well satisfied with the result. In the Indian building, each Province was responsible for its own court under the general control and superintendence of an Exhibition Commissioner appointed by the Government of India. The exhibits in the Indian building were remarkable for diversity of their nature and the contrast which they displayed. For example, under a single roof were fine models of the wild North West Frontier Province and of the latest development of the Bombay Reclamation scheme. The Railways had arranged a comprehensive exhibit illustrating the different forms of transport in India from early days to modern times. The large industries were represented, as well as jungle scenes and sporting trophies. Altogether the remarkable diversity in cultural level and in material conditions which is so characteristic of the Indian continent to-day was displayed in a dramatic manner. There were

ing also The Grand Trunk Road has been extended from the Ganges valley to Peshawar, good metalled arterial and district roads have been driven over the plains and through the hills of every part of India, and thousands of miles of serviceable 'kacha' or non-metalled roads and useful bridle-tracks have been made It is true that this activity needs to be speeded up and magnified to many dimensions before India can be said to have a thoroughly adequate road system, but this is no more than saying that India is a country of almost continental dimensions, starting late and with scanty resources on the process of economic and general material development There can be no question that every district in India has immensely increased the amount of wheeled transport within its limits, even during the past two or three decades, and the extent of this expansion is a measure of the growth of India's road-system and of its economic value to her people But although so much has been accomplished, it is readily admitted that this represents hardly more than the beginning of the development of roads and railways in this country

Railway finance and the relations between the legislatures and the railways have been already discussed, but before we go on to examine the chief features of the year's work it might be as well to consider briefly railway organisation at headquarters and on the railways themselves The agency by which the Government of India supervises the whole railway system in this country is the Railway Board, which, as now constituted, consists of a Chief Commissioner, a Financial Commissioner and two Members A proposal of the Acworth Committee that the Indian Railways should be sub-divided into three territorial divisions with a Commissioner in charge of each was not accepted, and the work of the Members of the Board is now divided on the basis of subjects One Member deals with technical subjects, and the other with general administration, personnel and traffic subjects, the Financial Commissioner representing the Finance Department on the Board and dealing with all financial questions The Board is assisted by five Directors for Civil Engineering, Mechanical Engineering, Traffic, Finance and Establishment Each Director has definite charge of certain particular aspects of the Board's active and constructive policy, and by disposing of matters excepting those affecting policy or of major importance relieves the Chief Commissioner and Members of the Board of much current work thus

be obtained from the littoral itself is insufficient to justify the capital expenditure which would be required. With the resumption of fresh construction of new railway projects, the Government of India have caused the whole question of the port and the railway to be re-examined. Definite proposals have been formulated for the development of the harbour as well as for the construction of the Raipur-Parvatipur line. It is hoped that a commencement will shortly be made. The scheme for the port itself presents general features similar to those of Cochin. A bar at the mouth of a small river has to be cut, and anchorage for ships dredged in a land locked tidal basin. The bar, however, is not so large as in Cochin, and the internal basin is better protected. As will be plain from a study of the map of India, the Vizagapatam harbour scheme is likely to do much for the development and the prosperity of a very large tract of country.

The general dependence of Indian trade upon Indian industry is obvious. Yet during the war period the Indian Industrial

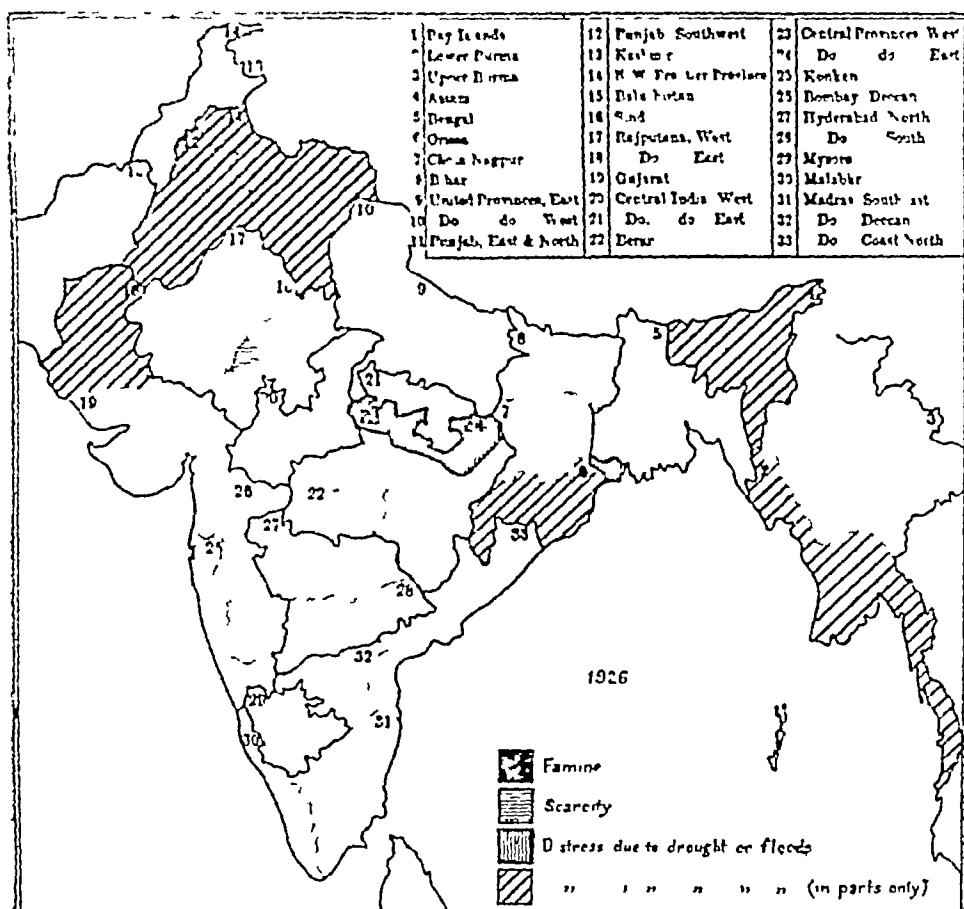
Industries and the
State

Commission pointed out that India was unable, despite her wealth in raw materials, to produce more than a small fraction of the articles essential for the maintenance of civilised activities. Development has hitherto been slow, for few Indian industries, except those based on some natural monopoly, could hope to make headway against the scientific production and organized competition of western countries. For some time prior to the war, the Indian Government had attempted to establish pioneer factories and to award Government subsidies to deserving industries, but until recent experience had demonstrated the possibility of successful state intervention on behalf of national industrial development,

The Department of
Industries and
Labour

very little was done. It was only as recently as February 1921, that the Secretary of State sanctioned the creation of a central Department of Industries as a permanent branch of the Government of India. Its scope, as modified by the regrouping of subjects advocated by the Report of Lord Inchcape's Committee, now includes Industries and Industrial Intelligence, central institutions for industrial training, geology and minerals, together with the Geological Survey of India, the administration of the Indian Mines Act, the Indian Explosives Act, and the Indian Petroleum Act. The Indian Factories Act, and other labour legislation also falls

DIAGRAM.



already seen, resulted from the convention concluded in September, 1924, between the Government of India and the Legislative Assembly

A glance at the maps on the opposite page will give some idea of the progress which has been made during the past century in the development of the Indian Railway system, and, it must be remembered, the pace of development has been increasing during the past few years helped by the thoroughly sound financial organisation described below, and is likely to develop with continually increasing momentum in the future. Up to end of March 1927 the total Capital at charge on all railways including those under construction amounted to Rs 788 67 crores of which Rs 701 07 crores was capital at charge on State-owned railways inclusive of premia paid in the purchase of companies lines. The remainder, 87 60 crores, represented capital raised by Indian States, Companies and District Boards. On the 31st March 1927, the total route mileage of Indian railways was approximately 39,048, consisting of 19,367 miles of broad gauge, 15,932 miles of metre gauge and 3,749 of narrow gauge. During the year under review 421 miles of new lines were opened for public traffic, whilst about 2,254 miles were under construction at its close. Of the total route mileage 28,004 miles or 71 7 per cent are owned by the State and 15,745 miles or 40 3 per cent are directly managed by the State. It would be absurd, of course, to contrast the railway mileage of agricultural India with her vast mountain ranges, great river estuaries, and widespreading deserts and barren places, with that of highly industrialised, compact England whose every square mile, almost, is made to contribute something to the national income. But when it is realised that Great Britain and Ireland, less than one-thirty-fifth of the area of India, have 24,000 miles of railway it is clear that there is both scope and need for as rapid an extension as possible of the Indian railway system.

That the Government of India recognises this need and is doing all in its power to meet it is made clear by the following facts. The capital expenditure to be devoted to the construction of new lines during 1927-28 is Rs 762 lakhs (at the present rate of exchange, a lakh of rupees is equal to £7,500 sterling). During the year under review, the Railway Board have made a distinct advance in organising the programme of future work and have been ~~able~~ ^{able} to make a number of technical improvements which will ~~improve~~ ^{improve}

An equally important project for the establishment of a Chemical Research Institute has remained in abeyance altogether on account of the financial position. A revised scheme for the management of the Indian Institute of Science, Bangalore, which resulted from the recommendations of a special Committee of Enquiry is still under discussion, the delay in taking action being due to the fact that the parties legally competent to press for modifications of the scheme of management have not yet been able to come to an agreement on certain points. A promising beginning has been made in the grant of technical scholarships from the central revenues, in pursuance of a resolution passed by the Legislative Assembly early in 1922. During the period we are now considering 4 scholarships, one each for the study of mining, geology, metallurgy and flour-milling have been awarded.

Among the proposals of the Industrial Commission which are likely to produce the most marked effect in the encouragement of

Purchase of Stores Indian industries, must be ranked the local purchase of Government and railway stores.

The principle that wherever possible Government stores should be purchased in India has long been recognised. But in the absence of any institution for the amalgamation of indents and technical inspection during manufacture, this principle could be put into practice only to a limited degree. The difficulties were formidable. Manufacturing industries could not be started without a sufficient and continuous market, while orders could not be placed so long as there existed no adequate means of manufacture. Accordingly, Government determined to institute a machinery for bringing Departments into effective touch with local manufacturers. This machinery soon evolved into the Indian Stores Department. The Retrenchment Committee did, indeed, recommend the postponement of further expansion of the Department, but after careful consideration, Government decided that development must proceed. In arriving at this decision, they

**The Indian Stores
Department**

were largely influenced by the fact that in the absence of a properly constituted Stores Department, with Intelligence, Purchase and Inspection agencies it would be impossible ever to divert to the Indian mills and workshops the large indents now sent to London. Further, in their opinion, the quantities of stores at present purchased on Government and Railway account are themselves sufficient to justify

time to time and there are now only a few gaps left in the main net-work. The important gaps still to be filled are not in fact more than 4 or 5, and of these, three are in progress of being filled, one by the Central India Coalfields Railway which will cross the gap lying between the East Indian and Bengal Nagpur Railways in Chota Nagpur and the Central Provinces, another by the Rarpur-Parvatipuram line which will complete the link between the Central Provinces and the East Coast, and the third by the Kazipet Bellarshah Railway now being built by His Exalted Highness the Nizam's Government which will effect a saving of some 200 miles in the journey between Madras and Northern India. There are two other main trunk routes to be constructed before it can be said that the main net-work of trunk lines is completed. One is the Bombay-Sind connection, and the other is the broad gauge connection between Karachi and the United Provinces. The former, because it is to some extent short-circuited by an easy sea-route, has never been considered a very promising undertaking from the financial point of view, but it is believed that its construction will become a matter of some importance as the effect of the contemplated extensive irrigation operations in Sind is felt in increased production. The Government are, therefore, having its financial prospects re-examined, and in order to complete their knowledge of the topography of some of the uninhabited country which has to be crossed, an aeroplane survey is to be undertaken shortly. As regards the broad gauge connection between Karachi and the United Provinces, it is felt that the time is not ripe for undertaking the expenditure involved. There are two reasons for this, first that a metre gauge connection exists, which is not seriously overstressed with traffic, and secondly, that there is greater need for using such funds as are available for remunerative branch and feeder lines elsewhere. To this category of main lines may perhaps be added the proposed connection between India and Burma, regarding which a recent investigation of the possibility of discovering a more favourable route through the Arakan mountains has proved unfruitful, and the Government are therefore left with the two routes formerly surveyed, neither of which can at present be regarded a remunerative proposal.

The key-note of the programme, to which the Government of India are now working, is the filling in of the interstices of the net-work of trunk lines with useful branches and feeders.

Among the most noticeable features of India's new industrial progress has been the increasing strength of the provincial organisations.

Provincial Organisations A brief review of the work accomplished by the Departments of Industries of the Local Governments indicates at once the importance of the field now lying open to popular enterprise, and the unfortunate limitations which financial stringency at present imposes upon its development.

The Punjab In the Punjab, for example, the Department of Industries has continued to suffer during the year under report from financial stringency, but it is hoped that in this particular respect considerable improvement is to be anticipated in a short time. The MacLagan Engineering College has had its staff strengthened by three Professors recruited from England, the money required for the equipment of the institution is gradually forthcoming, and in a year or two it should be possible to obtain everything that is necessary. The Demonstration Tannery and Dyeing Factory at Shahdara has been completed, together with the small power house for working machinery. Some unavoidable delay has taken place in completing the water supply of these institutions, but as soon as the difficulty has been overcome, the work will be started. During the year, considerable advance has been made in establishing electric installations at some stations, and it is anticipated that Rawalpindi, Multan and Jullunder will be supplied with electric power during the coming year. The supply of coal for industrial purposes from the Bengal coalfields has continued to improve. No new supplies of oil were discovered during the year, but the Attock Oil Company continue to produce large quantities of petrol, kerosene oil and the like, and are ousting other sources of supply so far as the Punjab is concerned. The Punjab Arts and Crafts Depôt has succeeded in bringing the craftsmen of the province into touch with wider markets, and in improving the design and workmanship of the articles which they make. In this connection, the Punjab court at the British Empire Exhibition was very successful and manufactured articles to the value of over £13,000 were sold. Numerous enquiries are also forthcoming regarding the wholesale supply of certain commodities.

In the United Provinces the Industries Department was handicapped by financial stringency. Nevertheless, it continues to

directly managed by the State. The effort of financing, controlling, and developing the railways of India falls very largely, therefore, on the Government, and through its Railway Board it controls the policy of construction and developments throughout the whole of India.

After this general survey we may now turn to the work of the year under review and here we may notice a reduction doubly welcome in these post-war days, in passenger fares. The strengthening of the financial position which has resulted from the separation of Railway from General finances and profitable working in 1923-24 and 1924-25 enabled the majority of railways to consider reductions in passenger fares, with the result that three railways, namely the Bengal-Nagpur, East Indian, and South Indian made certain reductions during the year 1925-26. In 1926-27 further reductions took place on the Bombay, Baroda, and Central India, and on the Burma, Great Indian Peninsula, Madras and Southern Mahratta, South Indian, East Indian, and North-Western Railways. These reductions in respect of first and second classes generally amounted to about 25 per cent. over varying distances.

individual engaged in experiments for the improvements of the tassar industry. Among the functions of the Director of Industries is that of acting as Consulting Engineer to those who require his services, and in particular, to small users of machinery. An expert staff is in a position to give reliable advice as to the plant to be purchased, to undertake its erection, and subsequently to advise on its upkeep. Since the ordinary small capitalist in the Province usually knows nothing himself of the working and care of modern machinery, the value of the service which the Department can render in this matter is being rapidly recognised. The amount of receipts from fees have increased, and in South Bihar, where the circle officer has gained the confidence of the public, the demands for his assistance were more than he and his staff could cope with. The most notable event in the field of technical and industrial education was the opening of the Bihar College of Engineering. The fact that the number of applicants for admission was greatly in excess of the number of vacancies is an indication of the strong demand for technical education. It is to be noted that the silks of the Bhagalpur Silk Industry commanded a ready sale at the British Empire Exhibition. Substantial orders have been received, and it is hoped that this will form the nucleus of a regular export trade.

In Bengal, notwithstanding financial stringency and retrenchment, the Department of Industries rendered considerable help to small industrialists in the way of technical advice, information,

and trade facilities. Its current research work

Bengal has also been continued, particularly in regard to the tanning, lac refining, and match manufacturing industries. As a result of experiments carried on at the Calcutta Research Tannery, some of the rather intricate problems of the tanning industry, which had hitherto remained unsolved, were successfully investigated. Demonstrations of weaving on fly-shuttle looms were held in some 13 districts during the year, and assistance was given to conchshell workers, to button makers, to oil refiners, and to other small industrialists. Unfortunately, owing to paucity of funds, the schemes for demonstration and pioneer factories for the manufacture of cigars and glass could not be proceeded with. Projected fruit canning factories and dairy farms remained undeveloped, and even schemes entailing comparatively small expenditure, such as the demonstration of

schemes are under consideration. The schemes for electrifying railway lines in the Bombay area which are now in hand comprise, on the Great Indian Peninsula Railway, the suburban lines up to Kalyan and the main lines to Igatpur and Poona, on the Bombay, Baroda and Central India Railway, the suburban lines between Church Gate and Borivli, and the main line between Grant Road and Bandra. The work on the Great Indian Peninsula Railway has reached an advanced stage and electrified services have already been opened between Victoria Terminus and Kurla and Thana via the Harbour Branch and between Victoria Terminus and Bandra. These services have become highly popular and promise to be entirely successful.

With a view to inaugurating electrified services on the whole of these sections as early as possible the work on the uncompleted portion of the schemes is being vigorously pushed forward. By the opening of these electrified services not only will Bombay derive a great benefit in the matter of a better distribution of its population but a considerable reduction in the operating expenses of the railway will be effected.

Investigations regarding the electrification of suburban lines in the vicinity of Calcutta and Madras were also completed during the year. The results of these investigations are at present under consideration. Proposals for the electrification of the Trichinopoly-Madurai and other sections of the South Indian Railway have also been under consideration by the Railway Board in view of the possibility of the supply of cheap power from hydro-electric sources. The investigation of hydro-electric schemes in the Madras Presidency was completed during the year and the results of these investigations were under discussion with the Government of Madras at the end of the year. Here it may be interesting to notice some of the financial results of electrification in the Bombay area. The section between Victoria Terminus and Kurla, a distance of $9\frac{1}{2}$ miles, was electrified with effect from February 5th, 1925, and it has been reported that by January, 1927, the train miles on the section had increased seven-fold and passenger traffic and earnings were twenty times as great as in the period before February, 1925. On February 3rd, 1926, the electrification of the Mahim chord, an addition of $2\frac{1}{2}$ miles was completed and the whole of the Harbour Branch railway was operated by electric service. A comparison between the statistics of January, 1926, with those of October,

continued to function successfully. Since the abolition of the post of Director of Industries, as a result of the vote of the Bombay Council in February, 1924, this branch of activity has now been taken over by the Registrar of Co-operative Societies. The management of research scholarships has been transferred to the Director of Public Instruction, but the pottery section continued in charge of the pottery expert of Sir Jamsetjee Jeejeebhoy School of Art. Dyeing and calico printing demonstrations were successfully continued, and petitions were received for the extension of the period for which they had been sanctioned.

In the Central Provinces, the Director of Industries was associated with an Advisory Board, but development projects were hampered by lack of funds, and no new scheme of importance could be introduced.

But the introduction of improved looms and warping machines among the weaving population continued successfully, and the construction of the Leather Tanning School at Nagpur was taken in hand.

While it would be difficult to exaggerate the importance of building up, by every possible means, the development of Indian industry, it seems plain that for many years to come, the main occupation of the country

is destined to be agriculture. In India three persons out of every four gain their living directly from the soil, and, whatever be the progress achieved by other industries, a considerable period must necessarily elapse before these proportions are substantially modified throughout a population so extensive. It is therefore self-evident that the readiest method of advancing the prosperity of the country as a whole lies through the development of Indian agriculture. Moreover, when India advances along the road to self-government, she will be compelled to devote resources larger than those which she can command at present to the task of self-improvement. The natural resources at the disposal of Indian agriculturists are considerable, and if properly utilized, seem amply sufficient to sustain the burden which will be laid upon them. But two things are above all things necessary, more scientific methods and greater capital outlay. So far as the former is concerned, the problem is very largely one of demonstration. It has been said that the Indian Agriculturist is very suspicious of improvements, but the experience of the last few years

- (2) Dohad-New Loco -shops (Bombay, Baroda and Central India Railway)
- (3) Perambur-Remodelling of shops (Madras, and Southern Mahratta Railway)
- (4) Lucknow-Extension to Loco-shops (East Indian Railway)
- (5) Trichinopoly-New Workshops (South Indian Railway)

As in other countries, road motor traffic is now entering into competition with Indian Railways in certain localities. The existing motor services are however practically all in the hands of small owners, and, owing to the unreliability of their services and want of capital, the effect of their competition on Railway earnings has not yet been serious. At present the motor services have tended to become feeders to, rather than competitors with Railways, except where the road journey materially short circuits the rail route as between Kohat and Peshawar, Kohat and Bannu, Poona and Ahmednagar. In places where competition does exist, it is being met by alterations in train services, by increasing the number of stoppages wherever this is feasible, and by the running of light trains or self-propelled units such as rail motors or sentinel coaches.

As a result of experiments on existing girders in use on 5' 6" gauge railways in India carried out by the Indian Railway Bridge Committee over a period of about 4 years, and as a result also of the labours of another Committee which was appointed in 1925 and which studied and drew conclusions from the results of the experiments carried out by the previous Committee, it has been found possible to introduce revised rules governing the designing of bridge girders for 5' 6" gauge railways, and regulating their loads. Among other changes introduced, the allowance to be made for the impact effect of a moving load running over a girder at high speed has been appreciably reduced. As a result of this change many existing girders which would have required renewals under the old rules can be kept in use, some existing girders over which the speed of trains has been restricted in the past will be permitted to take the same train-loads without restriction of speed in future, and on other bridges, greater loads than were permissible under the old rules will be permitted to run at unrestricted speed over the existing girders. Moreover, all new girders will be lighter and therefore cheaper than if the rules

Pusa institute is well fitted for the pursuit of research and for the training of officers for the higher posts in the Agricultural Department, but it is on her agricultural colleges and agricultural middle schools that India must rely if she is to produce the type of highly educated farmer whose influence is so important in raising the level of tillage methods throughout any country

As we have noticed, the primary task to which the Agricultural Departments have devoted their attention is the improve-

<p>Rice</p>	<p>ment of particular crops Of all the great crops in India, rice stands first in importance, and its yield is a vital factor in the country's welfare Somewhat naturally therefore, much of the attention of the Agricultural Departments of the rice-growing Provinces is devoted to the evolution and introduction improved varieties of the crop In Bengal the heavy yielding races known as Indrasail, Dudshar, and Kataktara are now grown throughout an area of more than 150,000 acres In Madras, the Central Provinces, Assam, and Bihar and Orissa some of the selected strains are still gaining ground In Burma, the requirements of the foreign market, with which the Province is greatly concerned are receiving their due share of attention Hybridisation work conducted at Dacca has yielded a race of transplanted rice which is expected to meet the requirements of the uplands of Western Bengal This variety, in addition to its desirability as a producer of heavy crops, matures early in October, which is a quality of particular value in the area for which it is designed The improvements obtained from these new varieties are very remarkable For example, in Burma, crops grown from the new races fetch a premium of between Rs 10 and Rs 15 per unit of 5,000 lbs In the Central Provinces, one improved strain yields 470 lbs of paddy more than the local variety per acre, increasing the income of the cultivator by about £1 for this area Further, certain types introduced by the Agricultural Department in Bihar and Orissa have been found suitable for land too poor for local crops From these examples, it is plain that the possibilities of improving India's rice crop by scientific methods are immense The process will inevitably take time, for rice occupies a larger area than any other crop But since it is used as a staple food by a high percentage of the population, the benefits to be derived from its improvement are immediate and far-reaching</p>
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very valuable, and the expenditure incurred will be small in comparison to the extra earnings. Moreover the Publicity Bureau will be in charge of the work connected with public advertising on Railway property, and it is anticipated that the income from this source alone will more than cover the expenditure on the establishment charges of the Bureau on most of the Railways.

Something has already been said in an earlier chapter about the attention devoted to the Indianisation of the railway services. The actual figures of European and Indian employment are shown in the diagram on the opposite page. The Railway Board are fully alive to their responsibilities in this matter and as far as the State Railways are concerned they have already done much to extend training facilities which are an essential preliminary to the Indianisation of the services. The various Railway Companies managing State and other Railway lines have also followed the lead given by the Government and have accepted the recommendations of the Lee Commission that the extension of existing training facilities should be pressed forward as quickly as possible so that recruitment in India may be advanced as soon as practicable up to 75 per cent of the total number of vacancies in the Superior Railway Services.

The Secretary of State's approval to the schemes of recruitment and training of superior officers of the State Railways in the four main branches of the services, namely Civil Engineering, Transportation, Commercial and Mechanical Engineering, were received during the year and Regulations for recruitment to these services were issued in July 1926. Schemes of recruitment for the Electrical Engineering and Signal Engineering Departments have been drawn up and submitted to the Secretary of State in Council. Schemes for other branches of the service are still under consideration. Certain Company-worked Railways have expressed their desire to join the Railway Board in their schemes of recruitment, and others in their schemes for training Superior Railway Officers.

The extensive programme of new construction on which a start is now being made calls for the employment of a large number of engineers over and above the regular Engineering staff employed by railways. Many Indian youths who have qualified as Civil Engineers from Colleges or Institutions in Great Britain or in India have difficulty in obtaining that initial practical experience which

Coimbatore strains have established their superiority over indigenous varieties and the demand for them now far exceeds the supply. With a view to supplementing the work carried on at Coimbatore, the Indian Sugar Producers' Association are financing a scheme for carrying on field and factory tests of all the more promising seedlings evolved. The Government of India have, as a temporary measure, placed at the disposal of this Association an area of 143 acres near Pusa. For some years, a Sugar Bureau has been in existence which furnishes advice to cultivators, manufacturers, and capitalists. It publishes statistical notes bearing on the production and consumption of sugar in different parts of the world and for this purpose maintains its own cable service. Further, in the district surrounding Pusa, the Bureau has taken over the testing and multiplication of improved varieties of sugarcane. It also arranges mill trials for the more promising strains. There can be no question that the improvement and extension of the sugar crop must be counted among the most fruitful of the projected developments of Indian agriculture. The scope which exists for progress in this field may be gauged from the fact that in 1923-24, sugar to the value of Rs 15½ crores, and to the quantity of nearly half a million tons was imported. The area under sugarcane in India is roughly 2.9 million acres, and the production of raw sugar amounts to more than 3 million tons. The encouragement of sugar production both in quantity and in quality is thus a matter of considerable moment. The whole question was elaborately investigated a few years ago by a Committee, which recommended the establishment of a Sugar Research Institute, and a large demonstration factory. Unfortunately, financial stringency has in this direction, as in many others, interfered to postpone a promising and profitable development.

From food crops we may turn to textiles. In this field, cotton is by far the most important variety. India stands second only to America in total production, but her cotton is naturally short in staple, poor in spinning value and smaller in yield per acre. The work of the Agricultural Departments has, therefore, been directed to increasing the yield and improving the quality. The task is no light one, for the area under cotton must be something in the neighbourhood of 23 million acres, but a promising beginning has been made. Improved types now flourishing in the Punjab

Cotton

Civil Aviation is not yet a factor in Indian communications, but, as the description of the debate on this subject in the Legislative Assembly during the Delhi Session has shown, the Indian Government and Legislature are not forgetful of the desirability of moving abreast of other countries in this matter, and the appointment has now been made of a Director of Civil Aviation in India. Rapid progress is being made in the establishment of the airship base at Karachi in connection with the Imperial Airship scheme and it is hoped that experimental flights to India will take place in 1923. The Government of India are also helping in the establishment of the aeroplane service from Egypt to Karachi by providing the necessary aerodrome at the latter place including a hangar and its subsidiary services. They have also made arrangements for the requisite meteorological and wireless facilities. Three of the Air Liners to be employed on this route left England towards the end of the year, and as we have seen, keen interest was evinced in the inaugural flight to India by Sir Samuel Hoare, the Secretary of State for Air. The service will operate between Cairo and Basra in the first instance, and will be extended to Karachi when a suitable route along the Persian Gulf has been laid down.

It is hoped in the near future to acquire the site selected for the seaplane base for the Calcutta-Rangoon service, at Monkey Point, Rangoon. Owing to certain technical objections the site selected for the seaplane base in Calcutta has been abandoned and the question of an alternative site is under consideration. The acquisition of sites near Bombay and Calcutta for subsidiary airship bases has also been decided upon, subject to the provision of the necessary funds.

The next link in the chain of Indian communications is the Posts and Telegraphs Department, which, in addition to its primary function of providing the Indian public with easy and rapid means of intercourse, is, owing to its ubiquity, called upon to act as the agent of the Government in carrying out other essential services not directly connected with its basic activities. It acts as the banker and agent of the people, enabling them to do their shopping from all distances. It collects customs charges on dutiable articles coming to India by post. It insures the lives of Government employees, and it pays the pensions of retired officials of the Indian Army. It is the custodian of Postal and Telegraphic

port Act and the Act for the regulation of Gins and Presses, have come before the Government of India and the Legislature during the year under review

The importance of the jute crop is obvious. North Eastern India supplies a large proportion of the world's market with this fibre, and so long as plentiful supplies and reasonable prices endure, there is no reason to fear for the continuance of India's monopoly. The export market governs to a large extent the area under jute, and during the calendar year, 1924 raw jute to the quantity of 0.68 million tons, valued at Rs. 26 crores, was shipped abroad. During the same period, the value of the gunny bags and the gunny cloth exported was Rs. 21 crores and Rs. 26 crores, respectively. The work of the Agricultural Department in connection with this important crop consists mainly in the selection of superior strains from the common mixtures found in the field. These varieties have now considerable popularity in Bengal, and are gaining ground in Bihar and Assam. Their disease-resisting powers are very noticeable and doubtless account in large degree for their growing popularity. The Agricultural Departments have also undertaken investigations into the manure requirements of jute.

Tobacco growing seems likely to enjoy a promising future in India. At present, the scope for the extension of this crop is demonstrated by the fact that in the year 1923-24 unmanufactured tobacco to the quantity of 4.56 million lbs. at Rs. 0.49 crores, was imported into India. The high rate of import duty upon cigarettes has stimulated Indian manufacture, and the demands addressed to the Agricultural Departments for tobacco seed of a type suitable both for cigarette making and for general purposes has lately shown signs of considerable increase.

A very large proportion of India's total production of vegetable oils and oil cake is consumed within the country, but in an average year a considerable surplus still remains for export. In 1924, 1.15 million tons of oil seeds were shipped. It seems likely that the importance of this crop will increase in the future, for the experience of the last war has taught European countries something of the dietetic value of vegetable oils. The Agricultural Departments are engaged upon the task of selecting superior varieties of seed and introducing them into districts for which they are most suitable. The coconut crop, which

at Pusa, but the Provincial Agricultural Departments are also devoting much attention to soil investigation

The study of pests, both vegetable and animal, is a matter of great moment to India. The damage annually done to such crops as rice, sugarcane, and cotton is very serious.

Pests

It has been estimated by the Imperial Entomologist that the depredations of insects alone cost the country Rs 200 crores (£133 millions) each year. The main difficulty encountered by the Agricultural Departments is that of persuading the cultivator that it is possible to control these outbreaks, which are endured in many cases with patient apathy as a visitation of the higher powers. Some idea of the loss suffered annually from animal pests may be gathered by taking the specific instance of the rat. In addition to his disservice in spreading plague, the rat constitutes no inconsiderable burden upon the food supply of the country. It has been calculated that an adult rat consumes nearly one ounce of grain each day. Now, the Indian town with a human population of a quarter of a million people is likely to have a rat population of half a million. Assuming that grain is selling at 10 seers to the rupee, the rat population of this town would consume grain to the value of more than Rs 1,000 each single day. At a moderate estimate, the total rat population of India must be about 800,000,000. Hence, the loss caused to the country by the grain which these animals consume must be near £15,000,000 per annum. The Agricultural and the Public Health Departments are closely co-operating in facing the problem of rat elimination. Methods of storing grain such a manner as to protect it from damage, the construction of rat-proof dwellings and similar problems are being carefully investigated.

The engineering operations of the Agricultural Departments are very important, for the major need of Indian agriculture is a cheap and ample water supply. The connection of existing irrigation wells with sub-artesian supplies by means of pipes and bores, offers a most fruitful line of progress. Its successful development in many Provinces has added not a little to the reputation of the agricultural expert with Indian cultivators. During the year under review, the demand for well-boring parties was steadily maintained, and in a large proportion of cases, the enterprises were successful. Attention was also directed

The limit of weight of parcels exchanged with Iraq, the Federated Malay States, the Straits Settlements, Siam, France and Switzerland has been raised to 20 lbs. The value payable system has been extended to parcels exchanged with Johore. The money order service with Syria has been resumed. The telegraphic money order service has been extended to Kedah. A direct money order service has been established with the Irish Free State.

A new epoch is approaching in the history of communications between India and the West with the proposed extension to Karachi of the Curo-Basrah Air Mail Service, whereby a saving in time to London is expected to result of about 7 days for Karachi, 5 days for Lahore, 3 days for Lucknow, 2 days for Bombay, 2 to 3 days for Calcutta and 2 days for Madras.

The total aerial line and cable mileage at the end of the year 1925-26 was 96,578 carrying 491,786 miles of wire. The total cable mileage at the end of the year was 1,020 carrying 75,360 miles of cable conductors.

The value of stores purchased locally rose from Rs. 12,04,000 in 1924-25 to Rs. 15,60,000 in 1925-26. At the same time the value of stores obtained by direct indent upon England fell from Rs. 18,51,000 in 1924-25 to Rs. 13,39,000 in 1925-26. The local purchase includes such important articles manufactured in India as hard-drawn copper wire, glass battery jars and insulators.

The Baudot system continued to give satisfaction during the year. The quad or four-arm Baudot working was introduced between Calcutta and Madras.

The Murray or Mechanical Baudot system of working was extended during the year to the following circuits —

Bombay-Nagpur

Bombay-Delhi

The growth of the Telephone Branch continued. On the 31st March 1926, the total number of telephone exchanges owned and maintained by Government was 250 with 15,926 connections. In addition there were 20 Licensed Telephone Exchanges with 28,189 connections.

Great progress has been made in establishing Automatic Telephone Exchanges in the Department, and the number of such exchanges has increased from 2 in 1920-21 to 22 at the close of

of sterilizing and transporting milk from rural areas, where it is relatively cheap, to urban centres, where it is dear. An up-to-date sterilizing plant has been set up on the Karnal farm, and milk is now being successfully despatched to Calcutta, a thousand miles away. Should this experiment develop, it will open a vista of great possibilities for the Indian Dairy industry. At present, milk is nearly three times as expensive in the larger towns as in the rural areas.

Simultaneously with the work done in improving the breeding stocks, comes the preservation of cattle from famine and epidemic.

Cattle Diseases We have already noticed what is being done by the Agricultural Department for the increase of the fodder supply. The results of research in this direction are of primary importance, for there is little doubt that a considerable percentage of India's cattle is underfed, which disadvantage, in combination with poor stock and close inbreeding, places it under a serious handicap. At least equally vital is the question of preserving Indian cattle from contagious diseases. Here the progress is very slow, for ignorance, old established customs and deep-seated prejudice operate at every turn to increase the difficulties of the Agricultural Department. The brunt of the struggle against cattle disease is borne by the Indian Veterinary Service, but unfortunately, there are now a number of vacancies

Veterinary Work in its cadre owing to the resignation of officers, and the inability of Local Governments, for financial reasons, to fill the sanctioned posts within their areas. The magnitude of the work involved can be realized from the statement that the cases treated in the 600 or so Veterinary Hospitals and Dispensaries at work throughout the country number more than one million annually. Fortunately the general public is now beginning to display increasing interest in this matter. The building of a Veterinary Hospital in Bombay a short time ago was assisted by popular subscription, and in other provinces, such as the Punjab, substantial assistance is received from the people. The Imperial Institute of Veterinary Research at Muktesar, formerly known as the Imperial Bacteriological Laboratory, which supplies munitions for the campaign against contagious cattle diseases, distributes over 2½ million doses of serum and vaccine every year. In addition to its routine production of these essential commodities, the institution conducts researches into cattle diseases of various kinds. Systematic

wholly illiterate, leaflets, circulars, and magazines, so effectively employed in more advanced countries to link the farmer to the scientist, are of very restricted utility. Experience has shown that the only satisfactory method of diffusing knowledge is by ocular demonstration. For this purpose Government has established seed and demonstration farms, implement depôts and the like. The most convenient means of convincing the Indian farmer that the improvements recommended by the Agricultural Departments are really practicable, has been found to lie in the cultivation of small plots on his own land by the demonstrators. It is by this means that the work done on his behalf by the Agricultural Departments is brought, as it were, to his very door. The work of demonstration naturally depends very largely upon the existence of adequate and properly trained touring staffs, organised on the lines dictated by experience. To the process of demonstration, the co-operative movement contributes greatly. In every Province, the Agricultural and Co-operative Departments work hand in hand, thereby succeeding in bringing improved seed, better implements, and more advanced methods within the ken of the farmer, and at the same time providing him with the resources by which he can profit from them. But for the co-operative movement, the labours of the agricultural experts on behalf of the Indian cultivator would be far less effective than is actually the case.

Prominent in the sum total of the labour which has been devoted by the authorities to the improvement of Indian agriculture must be reckoned the achievements of

Irrigation

the irrigation system. India may justly be proud of her progress along this line, in which she stands second to no other country. For a fuller and more adequate description of the irrigation system, reference may be had to the "Triennial Review of Irrigation in India" for 1918-1921. The paragraphs which here follow attempt nothing more than the barest outline of some of the more salient features.

We may begin by noticing that in the Tropics, cultivation can be, and in many cases is, effected by natural rainfall only, but

there are many regions in which the artificial watering of some portion at least of the crops is essential. In some parts of India, the rainfall of every season is insufficient to bring the crops

Excluding abnormal non-recurrent items the normal net profit for 1925-26 is approximately Rs 22 lakhs. The apparently falling off in the prosperity of the department during 1926-27 is attributable partly to heavy expenditure on new measures designed to improve the conditions of service of the staff and partly to the disappointingly small improvement in revenue owing to trade depression.

The wireless station at Karachi has been remodelled and a continuous-wave set has been installed; this set will provide communication both by telegraph and by telephone with aeroplanes and airships for Civil Aviation purposes. Satisfactory tests were carried out and this installation was used for communication with the first "Hercules" Air Liner "City of Delhi," which arrived at Karachi in January 1927, and left in February. In connection with this project the wireless receiving installation at Karachi is being transferred to a site near the civil aerodrome, and will also provide a direction-finding service for ships and aircraft.

Considerable progress was made with the new coast station at Bombay, which is in course of construction near Santa Cruz and will replace the present station at Butcher Island. A direction-finding installation will be included.

New continuous-wave installations are being erected at Allahabad, Lahore and Quetta in connection with the re-modelling of those stations.

Wireless communications between Peshawar and Kashgar have been carried out satisfactorily and the service is now available for private as well as official telegrams.

The direct wireless service between Madras and Rangoon showed an improvement in working over the previous year, and proved extremely valuable on occasions when the land-line routes between India and Burma were interrupted.

An experimental direction-finding station was erected on Sagar Island at the Mouth of the River Hooghly, on behalf of the Commissioners for the Port of Calcutta. Wireless bearings furnished by this station to ships entering and leaving the river have been very satisfactory and the question of erecting a permanent station is under consideration.

and 3 million acres. Turning now to canals, we may notice that they are divided for convenience into two classes, those drawing their supplies from perennial rivers and those which depend upon water stores in artificial reservoirs. The former are mainly found in connection with rivers rising in the Himalayas, the snow upon which acts as an inexhaustible source of supply during the dry months of the year. The latter are principally associated with the rivers rising in the Peninsula proper, where no such natural storage is available. Storage works are situated mainly in the Deccan, the Central Provinces, and in Bundelkhand. They range in size from small earthen embankments to enormous dams such as that now under construction in the Madras Presidency, capable of impounding 90,000 million cubic feet of water. Canals which draw their supplies from perennial rivers may again be divided into perennial and inundation canals. The former are provided with headworks, which enable water to be drawn from a river, irrespective of its natural level, some obstruction being placed in the bed so that the water may reach the height required to secure admission to the canal. Within this class fall the great perennial systems of the Punjab and the United Provinces. Inundation canals have no such means of control, and water only finds its way into them when the natural level of the river reaches the necessary height. The most important inundation canals in India are those of Sind, indeed, upon them depends the whole irrigation of the Province at present, but they also exist in the Punjab, drawing their supplies from the Indus and its tributaries.

With the introduction of the Reforms, two important changes were introduced in the classification of Government irrigation works. In the first place, irrigation was given the status of a Provincial reserved subject, enhanced financial powers being delegated to local Governments in order to give them a much freer hand than they had previously possessed, in respect of all but the most important projects. Only those works estimated to cost over Rs. 50 lakhs now come before the Government of India for submission to the Secretary of State. In the second place the old and somewhat cumbersome classification of individual works was abandoned, and all are now classified as either productive or unproductive. Productive works are such as satisfy the condition that within ten years of their completion they pro-

Irrigation under the Reforms

for retrenchment, have been returned to Calcutta with an increase of responsible staff. The superior staff of the department has also been strengthened by the addition of 4 posts of Meteorologists and 3 of Assistant Meteorologists. The part time posts of Meteorologists at Calcutta and Madras were abolished.

In preparation for the removal of headquarters to Poona, a suitable site has been acquired and the construction of the buildings was started during the year. The removal will enable the Department to start on an active programme of investigation of upper-air characters and other matters which will enable the Government of India to give a full measure of aid to projects of Empire and internal Indian flying and of general improvement in weather forecasting within the country. The present position in regard to Empire flying is that India has undertaken to co-operate with the Cairo-Karachi aeroplane service to the extent of providing a meteorological station and responsible staff at the Karachi terminal. Their function at present will be to issue forecasts and reports on the final flying sector only, Karachi-Chahbar.

Following this aeroplane service there is to be the greater projected air-ship scheme, due to start, it is hoped, in 1928. The meteorological assistance to be rendered by India for this service is now under the consideration of the Indian Government.

In May 1925 the department was asked to undertake for the Air Ministry the exposure treatment of some 80 samples of air-ship fabric, intended for the hydrogen containing ballonets of the new airship. The object was to determine the relative suitability of the fabrics to withstand tropical conditions of temperature and humidity for prolonged periods with minimum deterioration in gas permeability. This work was done in Agra and took about seven months to complete, its value has been acknowledged by the Air Ministry.

The work of Agra and its few outstations on upper-air conditions has continued satisfactorily throughout the year, as also has that at the Royal Air Force stations at Quetta and Peshawar, under their Flight-Lieutenant Meteorologists. In view of the importance of the extension of Upper-Air Work, Government agreed to sanction a scheme for the establishment of 13 more Upper-Air Stations throughout India and at Aden and the Seychelles involving an additional recurring cost of about Rs 1 lakh per annum.

paratively small branch for the irrigation of Rohilkhand. It was considered advisable to prepare a project for this branch in advance of that for the whole Oudh scheme. This project, called the Sarda-Kichha Feeder, was designed to take up the irrigation which under the earlier proposal would have been affected by the first forty miles of the Sarda Ganges feeder. It has now been found possible to carry the whole volume of water further to the south, thus avoiding the malaria-ridden portion of the Tarai through which the original alignment ran. Great economy has thereby been effected.

The Sarda-Oudh Canal takes off at the seventh mile of the Sarda-Kichha feeder and consists of a main canal, with a length of $17\frac{1}{2}$ miles, after which it divides into three branches. From these branches a network of distributaries will emerge. There are to be 478 miles of main canal and branches, 3,370 miles of distributaries, and 100 miles of escapes. The canal will irrigate nearly 1.4 million acres, and produce a return of $7\frac{1}{4}$ per cent. on the estimated capital cost of £5 millions.

The operations carried out on the Sarda-Kichha Feeder and the Sarda-Oudh Canal up to the end of 1923-24 have involved an expenditure of Rs. 218 lakhs.

There are on either bank of the Sutlej, in British territory on the north, and in Bahawalpur territory on the south, a long series of inundation canals, which draw their supply from the river whenever the water supply is high enough to permit it. These canals are liable to all the drawbacks of irrigation by inundation. There are no weirs at their heads, and, in many cases, no means of controlling the volumes entering them. Consequently while the water supply is assured during the monsoon months of a normal year, it is liable to serious fluctuations according to the seasonal conditions. In a year of inferior rainfall, little water enters the canals, in a year of heavy rainfall, they are liable to grave damage by flood.

It is *inter alia* to remedy this state of affairs that the Sutlej Valley project has been framed. This will afford the existing canals an assured and controlled supply from April to October, it will enable their scope to be extended so as to embrace the whole low-lying area in the river valley, it will afford perennial irrigation to the uplands on both banks, which are at present entirely

" Vizagapatam " was refloated just before the close of the year under review, but the unfortunate accident which necessitated her removal to Calcutta for repairs, will probably cause some delay, in the completion of the scheme. Good progress was made on the land works. Some of the *bunds* were completed and the removal of the rock of Durga Hill was finished, thus rendering the area available for the re-modelling of the wharf station lines. The levelling and draining of the site for bungalows was nearly completed and a dispensary was opened. A malarial and a marine survey have also been undertaken.

Further progress has been made with the Cochin Harbour development scheme which contemplates in the first instance the provision of a channel across the bar at the mouth of the backwater to allow ocean going steamers access at all tides and in all weather conditions to the inner harbour. The dredging of the channel is now in progress, and if access through the bar can be established all through the year, a portion of the backwater will then be dredged.

An Indian Lighthouse Bill which seeks to bring the administration of lighthouses, lightships and beacons directly under the Central Government, was introduced in the Council of State on the 11th February, 1927, and referred to a Joint Committee of the Council and the Legislative Assembly. It is hoped that the Bill will be passed into law at the next September Session. Meanwhile a Lighthouse Engineer was brought out from England to report on the condition of the lights on the Indian Coast and to make suggestions for their maintenance in good order on an economic basis. He was still engaged on his tour of inspection at the close of the year.

The Government of India have decided to utilise the Royal Indian Marine vessel " Dufferin " as a training ship for deck officers of the Indian Mercantile Marine and the necessary steps have been taken to refit her. It is hoped that she will be ready to take in cadets towards the end of the year 1927.

Three quarters of the work that devolves on the Archaeological Department is concerned with the preservation of ancient monuments and to summarise or review its many activities in this field is beyond the compass of this brief review. In India the monuments of antiquity are to be numbered by thousands, and the task of

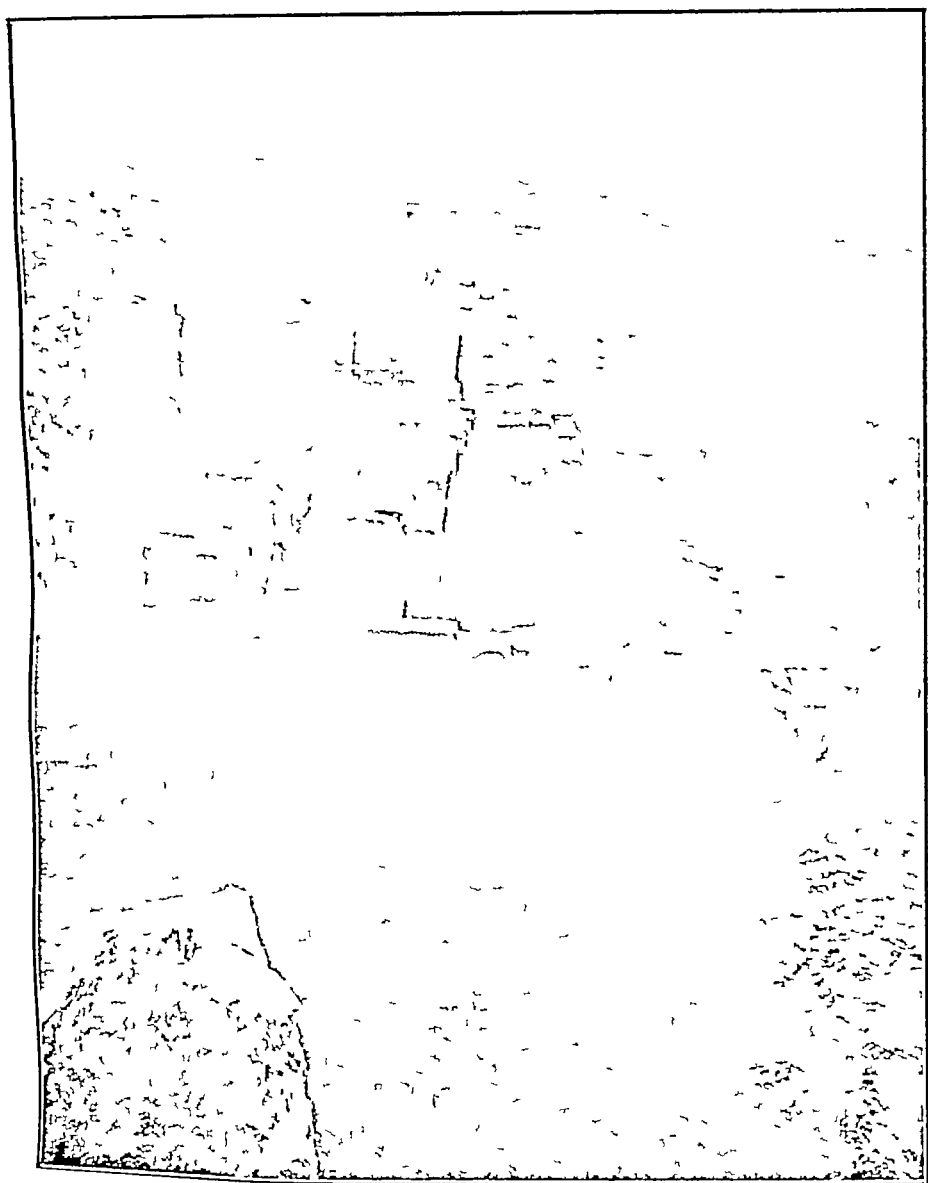
areas which would readily take water, if available, and with the object of bringing these areas within the scope of the system, an estimate amounting to £46 millions for the complete Nira Valley Development Project was sanctioned by the Secretary of State in November 1924. The new works proposed will bring under irrigation an additional area of 35,500 acres in a very precarious tract.

In March 1925, the Secretary of State sanctioned the Cauvery Reservoir Project in the Madras Presidency, the estimated cost of which amounts to £4 millions. The project has been framed with two main objects in view. The first is to improve the existing fluctuating water supplies for the Cauvery delta irrigation of over a million acres, the second is to extend irrigation to a new area of 301,000 acres, which will, it is estimated, add 150,000 tons of rice to the food supply of the country. The scheme provides for a large dam at Metur on the Cauvery to store 90,000 million cubic feet of water, and for a canal nearly 88 miles long with a connected distributary system. It is expected to yield a net revenue of £300,000 which represents a return of 7.6 per cent on the estimated capital cost.

Almost every Province has several schemes under investigation which are not yet ripe for sanction, but it is interesting to note that if only those projects which are likely to be constructed within a reasonable time are reckoned, an addition of over 6 million acres to the total area under irrigation will result. As we have already noticed, the record area irrigated by Government works was attained during the year 1922-23, when it extended to above 28 million acres. By the time the projects now under construction are in full working order, a total of 40 million acres is confidently anticipated. When allowance is made for the more promising projects now being considered and for the natural expansion of existing schemes, an ultimate area of 50 million acres is by no means improbable.

It will be apparent from the preceding pages that the Indian irrigation system, despite the scope which exists for its future expansion, is already highly developed. Unfortunately, the same cannot be said of Indian forests.

In every land where they are found forests constitute an extraordinary important national asset, and to a country like India, where



MOHENJO-DARO DRAIN IN A CORBELLED TUNNEL LEADING FROM
THE GREAT BATH

the well-being of the people, and the dependence of Indian agriculturists upon the forest in their vicinity, naturally operate to prevent the broad national aspects of forest conservation from being generally appreciated at their true value. Restrictions upon the grazing of cattle, the felling of trees and the lighting of fires, so necessary for the conservation of India's forest wealth, are frequently resented by those classes of the population whose activities are thereby restrained. From time to time the resulting friction between the Forest Departments and certain sections of the general public has led to agitation of various kinds. This was particularly marked in the days of the non-co-operation movement, when incalculable damage was done to the forests in certain parts of the Punjab and the United Provinces by incendiary fires. Within a few days the result of the careful conservation of decades was wiped out, and the promising turpentine and rosin industry suffered serious damage. The authorities have not been blind to the necessity of convincing the educated and the uneducated classes of the importance of forest conservation. Special care is being taken to relax the rigour of forest restrictions in such manner as to meet the requirements of villagers without prejudice to the interests of the future. In several provinces public opinion is being enlisted in support of the policy of the Forest Department by the constitution of committees, whose task it is to explain and justify the measures recommended by forestry experts. Many of the smaller reserves, which are chiefly valuable for the grazing which they supply to local cattle, have been handed over to Panchayats for management. It is to be hoped that with the gradual education of public opinion upon the subject of forests, the task of the authorities may be simplified, for nothing could be more disastrous to India's natural resources than the sacrifice of the future development of her forests to the immediate interests of the present generation. Even now, no fewer than 12 million animals graze in Government forests at nominal fees varying from 2 annas to Rs 2 per annum. Moreover, it is estimated that the total value of rights and concessions enjoyed by villagers every year from the administered forests amounts to nearly one million sterling. Rights so extensive, unless carefully controlled and scientifically regulated, are capable of inflicting severe damage upon the forest resources of the country.

Despite the difficulty of securing the cordial co-operation of the general public, and the additional disadvantages of restricted staff

years ago, can observe their well devised system of underground drainage, can enter the dwelling houses of the inhabitants and reconstruct for himself a fairly detailed picture of their daily life, of their arts and their crafts, of the implements and utensils that they used, of their personal ornaments and even—with the help of the statues and skeletons brought to light—of the personal appearance of the people themselves. Owing to its close connection with the Sumerian civilisation of Mesopotamia, this newly revealed civilisation of the Indus valley has hitherto been designated by the name Indo-Sumerian. With the progress of exploration, however, it has become evident that this connection was due not to actual identity of culture, but to the intimate commercial intercourse between the two countries. The Indus culture, in fact, was as peculiar to the Indus valley and neighbouring tracts, as the Mesopotamian culture was to the valley of the Tigris and Euphrates. For this reason the explorers have now discarded the term Sumerian, and designate this civilisation simply by the name “Indus”

What has been done at Mohenjo-daro has been done also, though on a smaller scale, at Harappa, another city—or rather series of cities—of the Chalcolithic age, in the Montgomery District of the Punjab, and here, owing to the widespread destruction wrought in modern times among the uppermost strata of remains it has been easier for the excavators to penetrate to the earlier cities underneath, and to throw welcome light on some of the preceding stages of this culture. One of the minor finds at Harappa that deserves special mention was a copper vessel containing over ninety copper weapons and other objects, namely, celts, double axes, spear-heads, daggers, choppers and a mace and arrow-head. Three of these weapons, *viz*, one dagger and two celts are inscribed with pictographic legends.

Simultaneously with the excavation of these two sites, a superficial survey was undertaken along that part of the North-Western Frontier which extends from south of the Kurram River to the Zhob and Loralai Political agencies and trial diggings were also carried on the banks of the Zhob River in Baluchistan. As a result of this survey abundant evidence was found of Chalcolithic settlements in these regions and interesting data were recovered regarding the burial customs in Vogue there.

Service is now 399 officers, of whom 353 are to be recruited directly and the balance obtained by promotion from the Provincial Forest Service. The process of Indianisation is steadily proceeding, as may be judged from the fact that out of a total of 7 probationers recruited in 1924, 4 were Indians. In addition, two more Indians, who were fully trained, were appointed on probation, and posted to Madras and Bengal. At the end of this year, the strength of the directly recruited cadre was 314, while 19 probationers were under training in Great Britain.

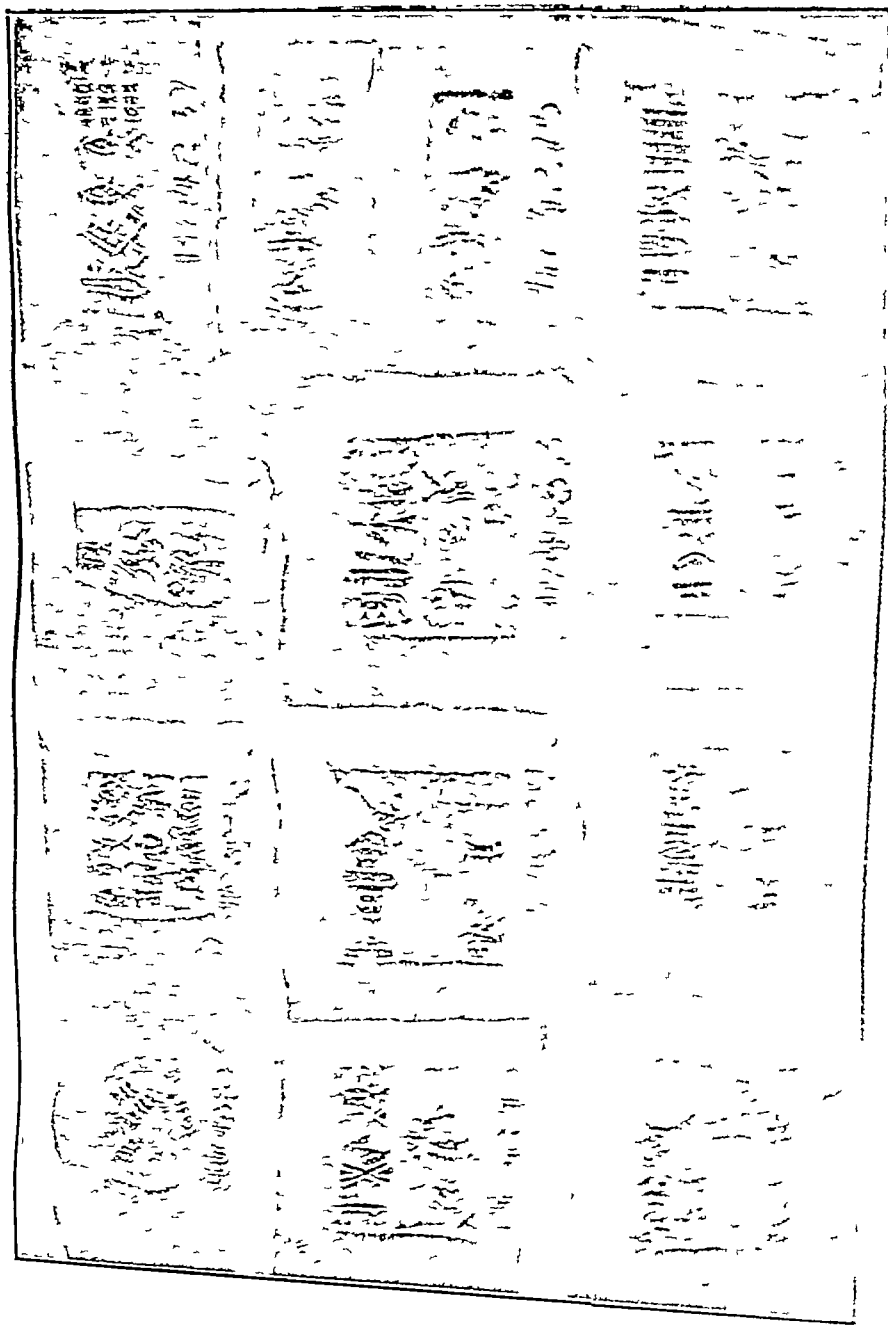
Among the most important lines of development in the future is forest engineering. A special service consisting of 17 officers is now in existence. But here, as in other directions,

Forest Engineering progress is severely handicapped by financial stringency, as well as by the lack of any system of providing funds for heavy capital expenditure, no matter how lucrative the ultimate returns will be. How much remains to be done from the point of view of exploitation, is indicated by the fact that the forests of British India now produce annually under 350 million cubic feet of utilized timber, representing about $2\frac{1}{2}$ cubic feet per acre, while the total annual production is probably not less than 1,200 million cubic feet. Despite this available balance, the imports of timber into India exceed the exports by $5\frac{1}{2}$ million cubic feet. This paradox is due to two principal factors, first the inaccessibility and consequent unworkability, of enormous areas, and secondly the small proportion of Indian timbers which possess at present commercial value. Under more extensive systems of developments, and with the discovery of new uses for timber at present unmarketable, the forests of India could easily supply the entire needs of the country and produce a handsome surplus for export.

The immense potential value of research into forest economics needs after the statements in the preceding paragraphs, but little demonstration. As a result of the recommendations of the Indian Industrial Commission,

Research the Forest Research Institution of Dehra Dun has been considerably enlarged. But here, as in other lines of progress, financial stringency has operated with disastrous effect. Nevertheless, fair progress has been made in many important investigations. Experiments in methods of seasoning and in the durability of timber have shown that many of the so-called "jungle woods",

MOHENJO DARO SOME IMPRESSIONS OF TYPICAL SLAIS



of the progress accomplished during the course of that period towards the development of the natural resources of the country. It now remains to describe the condition of one of the most important of all requisites to her prosperity—her system of communications. In India, the whole question of transportation is attended with special difficulties. The distances to be traversed are enormous, the natural obstacles to be overcome in passing from one region to another are formidable, while, even within a restricted area, internal communications often break down altogether in the rainy season. It is no uncommon occurrence in India for trunk roads and railways to be cut by floods, and for important market towns to find themselves entirely isolated from the neighbouring districts. The communication difficulty is an old story in India. Throughout her history it has exercised a preponderating influence upon her political as well as upon her industrial condition. Even such modern expedients as railways, telegraphs, and motor transport have failed so far to provide a complete solution. If commercial development is to proceed along the lines which the interests of the country demand, unceasing efforts, combined with great expenditure, must be devoted to the task of improving the road and railway communications of the country.

The necessity for extending India's roads is every day more apparent. The economic loss caused by the inaccessibility of agricultural districts in the rainy season must be considerable, and this cannot be remedied until the system of trunk roads is more adequately developed. Some progress, it is true, is being made every year, but the rate falls far below the true requirements of the country. The total mileage of metalled and unmetalled roads maintained by public authority is still only about 216,000. Until this figure can be largely increased, it will be impossible fully to utilize the more speedy means of road travel which modern progress now demands. Unfortunately little public interest is aroused by this question, and there are ominous signs that the general condition of all but the main arteries, such as the trunk roads, is suffering deterioration. Of late, however, there has arisen an encouraging development, which may eventually save the situation. In the districts surrounding many large towns, light motor lorries are coming into high favour with those villages which lie upon practicable roads. The establishment of omnibus-services

University which was visited by the Chinese pilgrim Hiuén Thsang in the middle of the seventh century, and was still vigorous in the eleventh. Outstanding among the many edifices recently unearthed is a stupa of vast proportions, which proves to have been reconstructed and enlarged on six occasions, each of the successive envelopes added to it being more imposing than its predecessor. The fifth in this succession is remarkable for the almost perfect state in which its stucco bas-reliefs and ornaments, including many admirably modelled figures of Buddhas and Bodhisattvas, have survived. Rarely, indeed if ever in the history of excavation has so well preserved a monument—at once so vast and so fragile—been dis-interred from the ground. In this stupa at Nalanda, be it observed, the images are of a strictly orthodox character. At Paharpur, on the contrary, the images which adorn the plinth of the new found stupa are exclusively Hindu, comprising figures of Siva, Ganesha, Indra, Agni, Yama, Yamuna, etc., etc., and they go to show that by the sixth or seventh century A. D. Buddhism as practised in this part of Bengal, had already become largely Hinduised.

Not content with these manifold discoveries in India and beyond the North West Frontier, the Archaeological Department has also made at Old Prome (Srikshetra) in Burma a find which must rank as perhaps the most valuable hitherto recorded in that country. This was the untouched relic chamber of a pagoda, containing a votive stupa of silver with inscriptions in the ancient Pyu characters, a manuscript of twenty gold leaves between covers of gold with an extract from the Pali Buddhist scriptures in characters of the 5th or 6th century A. D., a gold statue of the Buddha and 63 smaller ones of gold and silver, 4 small stupas of silver, and a number of inscribed gold and silver finger rings, ear ornaments, miniature boats, terracotta reliefs, and coins of various denominations. At Pagan also were exhumed over a thousand terracotta tablets some 800 of which bear records in ancient Burmese, while the remainder are inscribed in Pyu, Talaing, Pali and Sanskrit, the whole affording most useful data towards the study of Burmese history and philology.

In order to carry on such archaeological explorations, the Government of India have decided to make an increased recurring grant of Rs 2,50,000 a year ~~from the year 1926-27,~~

DIAGRAM No. 11.

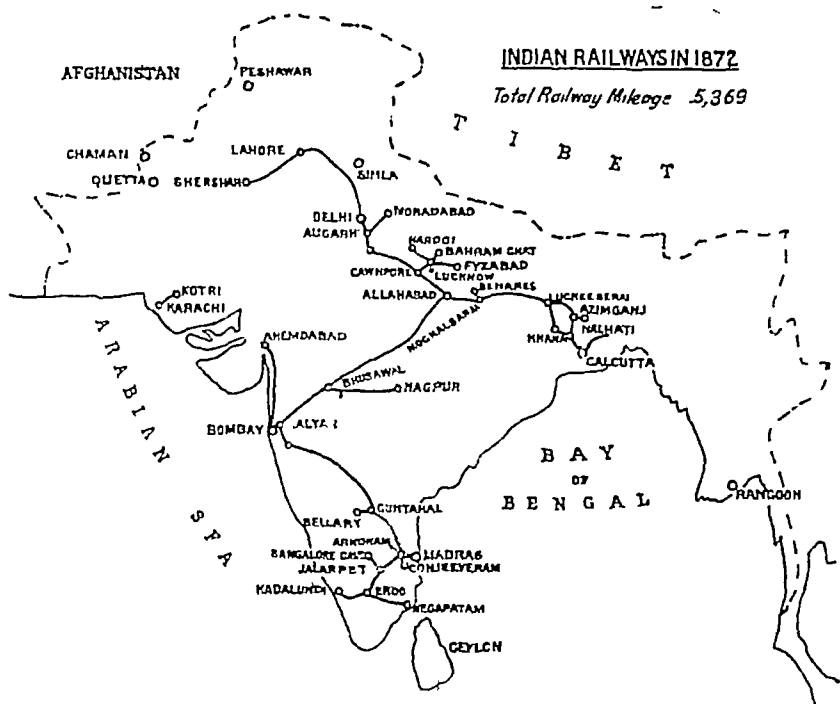
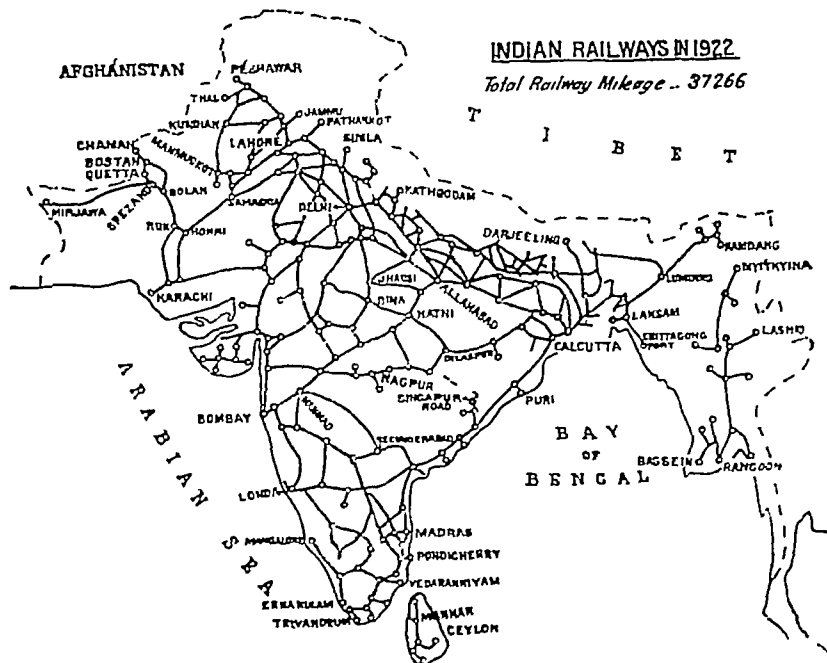


DIAGRAM No. 12.



existing depression in the industry, and to report whether they were temporary or permanent. In particular the Board was directed to consider the question whether the depression was due to the competition of foreign countries in the home and export trade. It was also asked to report whether, having regard to the fact that the industry had long been firmly established in India, and looking also to the interests of the consumers and to all other interests affected, the cotton industry stood in need of protection and if it did in what form and for what period protection should be given. It was further left to the Board to make any other recommendations germane to the subject. After a full enquiry lasting for some months, the Board submitted its report in January 1927, but it had not been published by the end of the year under review.

Whilst we are on the subject of the cotton industry it is convenient to record here two decisions of the Government of India connected with the cotton trade. In last year's report it was stated that the abolition of the cotton excise duty necessitated the repeal of the Cotton Duties Act, 1896, but that in order to avoid a break in the continuity of the statistics compiled under the Act fresh legislation was in contemplation to provide for the compulsory preparation and submission of returns of quantities of cotton goods and cotton yarns manufactured in mills in British India. Accordingly, in March 1926, the Cotton Duties Act was repealed and the Cotton Industry (Statistics) Act, 1926, was passed. Rules to give effect to the provisions of the latter Act have also been issued.

By their second decision referred to, the Government of India decided to revive the compilation of certain statistics relating to raw cotton. In March 1923 after consulting local Governments, the compilation of the publication issued by the Director of Statistics entitled "Inland Trade (Rail and River-borne) of India," was discontinued. At the instance of the Indian Central Cotton Committee, it has, however, been decided to revive, with effect from the 1st October 1926, the statistics relating to rail and river-borne trade in raw cotton, as these statistics are considered to afford valuable assistance to Directors of Agriculture in checking the accuracy of crop forecasts. The method of registration adopted is briefly as follows. Provinces are divided into separate trade blocks and the railway and inland steamship companies concerned are required to furnish the Director General of Commercial Intelligence and Statistics direct, for publication in "consolidated" form.

spend a sum of Rs 150 crores during the five years period 1922—27. The first step in re-organizing the central administration was taken in November, 1922, when a Chief Commissioner of Railways was appointed, and entrusted with the duty of recommending the form of the new organization. But before this process had been fairly initiated, the unbalanced state of the general finances of India led to the appointment of the Retrenchment Committee presided over by Lord Inchcape. The Railways thus came under a second careful examination, which extended not only to financial operations but to the whole question of working expenses and internal management. Broadly speaking, the recommendations of the Inchcape Committee were directed towards economies in working and wisdom in spending. They recommended an immediate drastic cut in the grant for working expenses, the restriction of renewals to practical necessities, and the adoption of the principle of so working the railways as to produce a fixed profit to the State. They also endorsed the Chief Commissioner's recommendation that a Financial Commissioner should be appointed, further advocating a policy of decentralisation of powers and responsibility to the separate railway administrations.

The result of these and other reforms, together with the gradual return of the country to prosperity during the year 1923-24, may be

Position in 1923-24 summarised in the remark that the State owned railways showed a profit of Rs 6 47 crores as compared with a profit of Rs 1 22 crores in 1922-23. The earnings from goods carried on Class I Railways increased from 56 74 crores to 58 96 crores, while the earnings from third class passengers on Class I Railways increased from Rs 30 92 crores to Rs 31 48 crores. The total capital outlay on State owned railways during the year was Rs 19 03 crores in 1922-23 and Rs 19 71 crores in 1923-24. New lines totalling 430 miles were opened during the year, while another 759 miles were under construction at the end of the year. The general working of the railways is estimated to be

Estimates for 1924-25 even more satisfactory in 1924-25. The authorities placed the revised estimate of traffic receipts for this year at Rs 98 01 crores and the total charges at Rs 86 77 crores. It is, therefore, hoped that the gain from commercial lines during the current year will amount to Rs 11 25 crores. Further, it is interesting to notice that a comparison of the figure of the periods 1923-24 and 1924-25 would seem to indicate that in the former year the Railways disbursed Rs 59 16 crores in order to

a Ruling the effect of which was that unless the hulls of vessels are imported entire or in built up sections which can be launched separately and fastened together in the water, the fabricated steel from which the hull is made is liable to a protective duty of 25 per cent *ad valorem*. Representations were received against this ruling from two prominent Inland Steam Navigation Companies in India and these were referred to the Tariff Board. The Board took the opportunity of re-examining the whole matter and their final recommendations were intended to correct the position in which matters had been left by the Ruling of the Central Board of Revenue. They found that the Indian Ship-building Industry did not require protection except so far as it was affected by the protective duties on iron and steel. They recommended that the duty on ships and other vessels for inland and harbour navigation when imported in parts should be 10 per cent *ad valorem* subject to a minimum of rupees 35 per ton on protected iron and steel. The Government of India agreed with the finding and the recommendation. The Board however pointed out that the minimum which was based on the existing rates of duty might have to be modified as a result of the statutory enquiry into the iron and steel industry which was in progress when their report on the ship-building industry was published. The Government of India therefore decided to postpone legislation on these recommendations until the result of the steel enquiry was known. They decided, however, to exempt in the interim, by notification under the Sea Customs Act, the iron and steel in ships and other vessels imported for inland and harbour navigation from so much of the protective duties as was in excess of 10 per cent *ad valorem* or Rs 35 per ton whichever was higher. Before the end of the year under review the Statutory Enquiry into the Steel Industry was completed. In their Report on the Steel Industry the Board recommended that the previous minimum compensatory protection of Rs 35 per ton on the materials used in ship-building should be reduced to Rs 23 per ton. This recommendation was accepted by the Government of India and effect was given to it in the Steel Industry (Protection) Bill of 1927 which was passed into law during the last Delhi Session of the Legislature.

There is no need to go into details of the enquiries into the protection of wire and wire nails, and spelter. After their enquiry into the coal industry the Board reported that ^{there} was no case

~~the former year the Railways disbursed Rs 59 16 crores in order to~~

on a single authority in each locality, termed the Divisional Superintendent. This form of organization, which has been adopted extensively in America, South Africa and in other countries, soon proved of value after it had been introduced upon the Great Indian Peninsula Railway system in 1922 and it has since been applied to the North Western Railway in October, 1924, and to the East Indian Railway in January, 1925. It seems not unjustifiable to believe that a new era in the development of the Indian railway system is now commencing. During the year under review, for the first

The Separation of Railway Finances

time, a railway budget has been prepared which deals with railway business on its own merits, and is not dependent for its scope on the proceeds of general taxation or the receipts and expenditure in other Government activities. This has resulted from the convention concluded in September, 1924, between Government and the Legislative Assembly, under the terms of which the Railways make a definitely ascertainable contribution to general revenues year by year, and for the rest manage their affairs on commercial lines. What this measure of independence will ultimately mean, in affording freedom to the Railway Board and Railway Administrations to deal with their business upon methods which look first and last to the transportation needs of the country, can hardly be foreseen. For while it lays upon the railways a heavy financial obligation, which of itself encourages the Railway Board and the Agents to operate upon sound commercial principles it also enables the Railway authorities to look far ahead, to embark upon continuous and well thought out programmes of new construction, and to enjoy the freedom so necessary if they are to devote all their energies solely to the development of India's railway property. For further details regarding this significant convention, the reader is referred to a preceding page, where its general financial effects are briefly elucidated, and to the appendices to this statement, where the resolution of the Legislative Assembly is reproduced in full.

The influence of the Legislature upon Railway matters was not confined during the period under review to this great achievement.

The Railways and the Legislature

The Members of the Legislative Assembly in particular displayed the keenest interest in all matters connected with railway administration. During the year 1923-24, no less than 29 per cent of the total number of questions asked referred to railways. During the budget

net imports of private treasure fell sharply from 94 crores of rupees during the preceding year to 52 crores, but even this figure is well above the average pre-war importation of 36 crores. Thus although a good monsoon gave India another year of good crops her trade continued to be hampered by certain features outside her own control. Of these the disturbed political and financial conditions in various parts of the world which were the outcome of the war continued to be of decreasing importance during the year. The various conferences, committees and re-construction schemes which have been working to ameliorate conditions in Europe since 1920 have now resulted in the stabilisation of most European currencies in relation to gold. With the notable exception of China, political conditions are now reasonably stable. But the gap between the prices of agricultural products and those of industrial products is still very wide, a circumstance of intimate concern to India since the bulk of her exports consist of agricultural produce whilst most of her imports are manufactures. A striking example of this is afforded by the price of cotton manufactures which are far and away the largest item in Indian imports. During the calendar year 1925 the index figure for cotton manufactures was 210, whereas the greater part of Indian agricultural produce, with the exception of raw and manufactured jute, registered a much lower level. Cereals were at 136, pulses 128, oilseeds 146, hides and skins 104. Raw jute rose from 102 to 154 and manufactured jute from 159 to 177. It is clear, therefore, that until this gap closes, Indian imports will continue to lag. On the import side cotton piecegoods decreased by 259 million yards to 1,564 million yards and their value fell by 15 crores of rupees to a total of 54 crores. Imports of grey, white and coloured goods all fell heavily. The quantity of sugar imported increased again by 76,000 tons but because of lower prices its value fell by 5 crores to a total of 16 crores. Iron and steel imports fell by 10,000 tons in amount and $1\frac{1}{4}$ crores of rupees in value. The value of machinery of all kinds imported was almost stationary at nearly 16 crores of rupees whilst the imports of railway plant and rolling stock on private account fell slightly. Hardware, motor cars, and mineral oils all increased whilst importations of foreign coal and raw cotton and cotton twist and yarn fell off. On the export side the total value of raw and manufactured cotton rose from 103 crores of rupees to 105 crores, and of raw and manufactured jute from 81 crores of rupees to 97 crores. In raw jute there was

facilities were given for discussion of the whole matter in the House. At the same time, the Assembly urged upon Government the rapid Indianization of the Railway services, the appointment of Indians as Members of the Railway Board, and the purchase of stores for State Railways through the organization of the Stores Purchase Department of the Government of India. Moreover, throughout the whole period covered by this statement, the Legislative Assembly displayed, as in previous years, keen interest for the well-being of the third-class passengers.

The provision of suitable and adequate facilities for the passengers who travel third class is one of the important problems which has been facing the Indian Railway Administration in recent years. There must be some relation between the price paid and the facilities offered, if railways are to remain solvent, and, at the same time, the fare per mile must be kept low if it is to remain within the means of would-be travellers. The policy of the Legislature has been directed towards putting pressure upon the Railway Administration in two principal directions, first for the provision of such rolling stock as will prevent overcrowding, and secondly for the establishment of such amenities in the shape of waiting sheds, refreshment rooms, water supply, and the like, as will make third-class travelling more comfortable. The problem of overcrowding was till recently particularly serious. The direct remedy is obviously to obtain more stock, but this by itself is useless until the railways are provided with increased engine power and improved line capacity, so that extra trains may be run. Wherever a line is single, the number of trains which can be passed over it is limited. Wherever the gradients are heavy, the loads of the trains are restricted. While platforms are short and yards inadequate, trains longer than those at present running cannot be accommodated. In recent years, every possible effort has been made to deal with these difficulties which, by their very nature, cannot be removed speedily. As an example of the attempts which the administration is making to secure improvement we may mention that the programme for 1925-26 includes 822 new coaching vehicles, 755 of which are lower class. Moreover, 18 important station yards are being remodelled to improve the traffic service, a sum of about Rs. 3 crores is being spent in remodelling workshops, while the cost of doubling certain sections of the Bengal Nagpur Railway, of the Grand Chord of the East Indian Railway, and of quadrupling

gathered from the summary tables upon the opposite page. In the twelve months ending October, 1924, the number of Indians in superior appointments rose from 280 to 310, and the Indian upper subordinates from 1,821 to 1,929. On State railways, other than the East Indian Railway—which has only just been taken over—Indians already fill about 30 per cent of the gazetted posts. The Railway Administration has accepted the recommendation in the Lee Report that the extension of existing training facilities should be pressed forward as expeditiously as possible, in order that recruitment in India may be advanced as soon as practicable up to 75 per cent of the total number of vacancies in the Railway Departments as a whole. Provisional proposals in regard to recruitment and training are at present under consideration between Government and the Central Advisory Council. The Legislature has complained that few Indians have risen to high posts in the Railways, and that there is no Indian Member on the Railway Board. In response to this complaint, Government reply that it is only in recent years that Indians have joined the gazetted ranks of Railway Offices in any number and that time must be allowed for them to find their way to the top. The question of training has also been under consideration for some time, and was examined in great detail in 1922 by a special officer, Mr H. L. Cole. His report, with certain preliminary conclusions, was discussed by the Railway Board in the course of the year with the Central Advisory Council, and with the Agents of the principal railways. Proposals are now being elaborated by the Railway Board for comprehensive schemes which will train the staff in their current duties both with a view to improving their efficiency and giving them an opportunity of rising to higher positions. The aim is to establish in each of the State managed railways a school at which all the subordinate staff will receive courses of practical and theoretical training in their work. One such school is already in existence at Asansol. An institution has also been opened at Chandausi, which will constitute at once a co-ordinating centre for the work of the other schools, and will also give courses of training for officers on State railways. It will, moreover, take charge of the training of young probationary traffic officers, supplementing their practical training on the railways by courses of study. It is hoped, by the arrangements now being instituted for the selection and training of officers and subordinates, that the needs of the indigenous recruits for railway service will

The share of other countries exporting to India fell during the year under review except Italy's which increased from 215,000 lbs in 1924-25 to nearly 410,000 lbs. during 1925-26. Turning now to cotton piece goods we notice that the total quantity including fents imported decreased by 14 per cent in quantity to 1,564 million yards and by 22 per cent in value to Rs 54 crores. The decline was common to all three major classes of piece goods. Grey goods fell by 16 per cent, white goods by 15 per cent and coloured goods by 10 per cent, the quantity imported being less by 136.4 million yards, 83.8 million yards, and 11.2 million yards respectively. The total production of cotton piece goods in Indian mills also decreased by 16 million yards. The share of the United Kingdom in the imports showed decreases in all the three classes the largest decrease being in coloured goods. In the import trade of both grey and coloured goods the growing participation of Japan is very definite and a few further details of her progress during the year may be found

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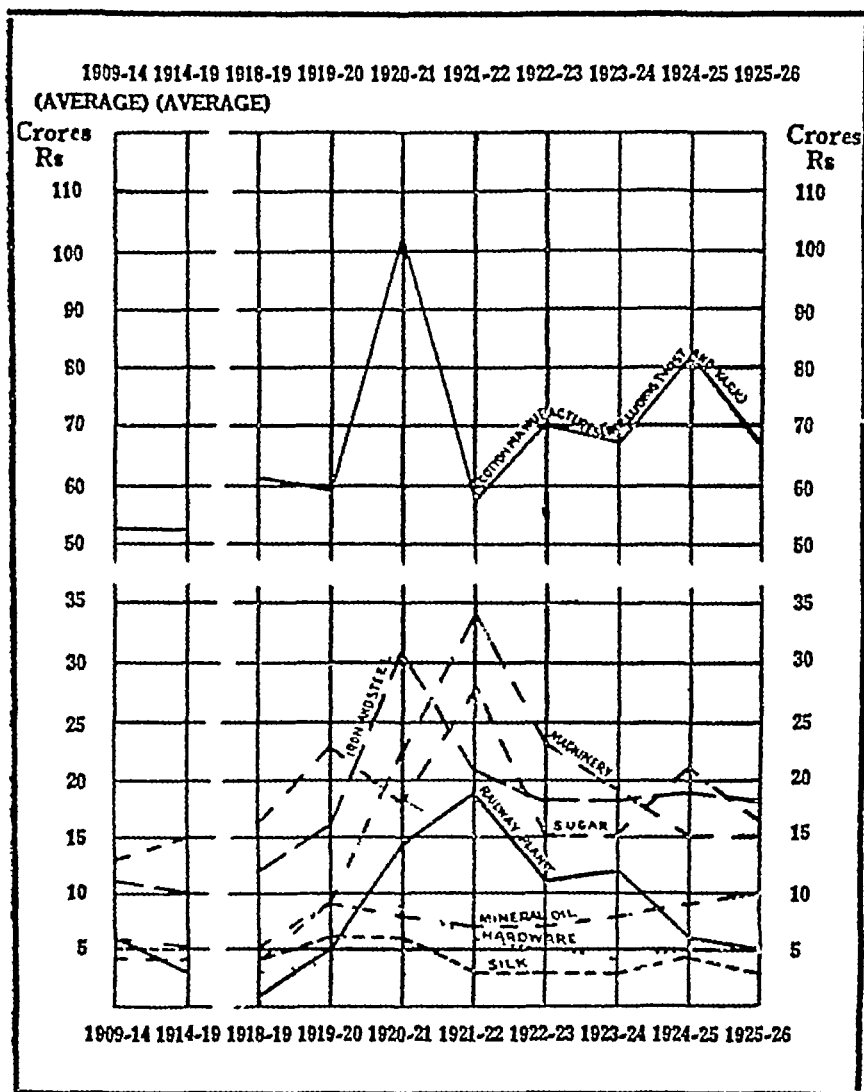
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DIAGRAM.

(2a) Variations in the values of principal articles in the import trade of British India during the last eight years as compared with averages of the pre-war and war periods.

IMPORTS



Note—Two different scales have been used in drawing this chart, the scale for cotton manufactures, being only half the scale for other items

disposal of the travelling public may be estimated from the fact that it will be possible to travel more than eleven miles at the cost of one anna. There can be little doubt that railway electrification in Bombay will do much to conduce to greater efficiency and better health, for those who work in the crowded areas will now find it possible to reside where the air is cleaner, space is cheaper, and opportunities exist for recreation. Provision is also being made in the budget for 1925-26 for a sum of Rs. 1.03 crores for the electrification of the Great Indian Peninsula suburban line, and of Rs. 0.77 crores for the electrification of the Bombay, Baroda and Central India suburban line into Bombay.

In connection with the general extension of railway facilities, of which, as we have already seen, India stands so sorely in need,

reference may be made to the programme of
New Construction new construction set out in the Railway budget for 1925-26. This programme will eventually cost more than Rs. 41 crores, it includes 10 lines with an aggregate mileage of more than 2,000 miles. Closely connected with the proposals for new construction is the policy which has now been formulated in consultation with the Central Advisory Council in regard to Branch and Feeder lines. For the last 30 years, the policy of Government has been to finance the construction of Branch and Feeder lines through Branch Line companies guaranteed by Government. European capital has come forward and the development of these lines has

dom under this head fell by 4.5 per cent whilst Germany improved her position

The world's production of sugar during 1925-26 was estimated to be even higher than the record production during 1924-25. Its price therefore naturally fell and the consumption of sugar in India during 1925-26 was accordingly unusually high. These circumstances are reflected in the figures of imports of sugar into India which were the largest recorded since 1921-22, the quantity of sugar of all kinds including molasses and confectionery imported amounting to 732,600 tons as against 671,000 tons in 1924-25. Last year sugar had ranked second in value in India's imports and her decline to the fourth place this year is due to the fall in prices. As usual, by far the greater part of imported sugar came from Java which supplied 659,000 tons. Imports of sugar from Mauritius decreased from 133,000 tons to 19,100 tons owing to the restoration of the original preference given to Empire sugar in the United Kingdom.

Next in order of importance come mineral oils. India imports little petrol from abroad as she produces her own and the chief items under the head of mineral oils are kerosine oil, fuel oil, and lubricating oils. Imports of all these three classes increased during the year under review, roughly 70 per cent of the kerosine oil coming from the United States. Of the total quantity of fuel oil imported 77 per cent came from Persia whilst the United States supplied the bulk of the lubricating oil.

existed in respect of loss of, or damage to, consignments booked, were introduced on 1st October, 1924. The forms in more common use are A, B and H. Form A is used when articles are in bad condition or so defectively packed as to be liable to damage, leakage, or waste in transit. This holds the Railway free from responsibility except upon proof that the loss arose from misconduct on the part of the Railway administration concerned. Forms B and H deal with consignments at special reduced or owner's risk rates. Under them, the Railway administration is bound to disclose to the consignor, in all cases of non-delivery or pilferage, how the consignment was dealt with from the time it was in the possession of the Railway authorities and, if necessary, to give evidence thereof before the consignor is called upon to prove misconduct.

Finally, we may notice that in 1924-25, the railways have not been exempted from the vagaries of the Indian climate. An

Floods

unusually heavy burst of the South West Monsoon in Southern India, during the second half of July 1924, resulted in floods of great severity, which caused serious damage to large sections of the South Indian Railway. The sections mainly affected were the Broad Gauge line between Olavakkot and Calicut, the Shoranur-Ernakulam Railway, the Travancore Branch, the Erode Branch and the Metre Gauge line between Tanjore and Chidambaram. Traffic had to be suspended on the several sections for periods ranging from a few days to about 2 months. Many bridges were washed away including those over the Ponnani and Poorapooramba rivers. The running of trains over the Cauvery bridge near Erode had to be suspended on the 27th July owing to a rise in the river, which on that day reached a height of 37 feet—7 feet greater than any high flood level previously known. The flood began to subside on the 28th, when running was again resumed.

Very serious floods were also experienced in northern India at the end of September 1924 and resulted in extensive breaches on the East Indian, Oudh and Rohilkhand and Rohilkund and Kumaon Railways. Due to the excessive rise of the Jumna river, the Railway embankment between Delhi and Ghaziabad was breached in a number of places over a length of about 4 miles. Breaches varied from 80 feet to 500 feet in length and between the breaches the embankment was so badly damaged that it would be more correct to say that there was no embankment.

Diagram showing the imports of motor cars during the past 13 years.

—	From the United King dom	From the United States (a)	From Canada	From France	From Italy	From other countries	Total
Year 1913-14 (pre-war)	1,669	868	.	111	7	225	2,880
Year 1914-15	1,350	510	.	54	10	72	2,005
„ 1915-16	787	2,136		126	57	15	3,121
„ 1916-17	489	4,169		62	44	14	4,778
„ 1917-18	39	1,222		1	18	2	1,282
„ 1918-19	21	368	.		1	10	400
„ 1919-20	448	9,353	20	3	17	84	9,925
„ 1920-21	2,541	10,120	1,938	192	218	423	15,432
„ 1921-22	790	802	576	158	222	347	2,895
„ 1922-23	449	1,386	1,846	61	131	450	4,323
„ 1923-24	1,005	2,805	3,290	153	370	801	7,984
„ 1924-25	1,682	3,106	3,956	160	235	241	9,380
„ 1925-26	2,399	4,143	4,775	367	860	213	12,757

(a) The country of origin of many of the cars imported from the United States during the years previous to 1920-21 is Canada

India with more than 100,000 Postal Officials and about 155,000 miles of mail lines

Owing to the largely increased cost of all services since the war, the Post Office found itself compelled in 1922 to raise the then existing rates. Prior to that time, the

Rates and Traffic initial Indian letter postage was exactly one-third of the initial letter postage in England, while the average distance over which mails are conveyed in India is about five times as great as the average distance in England. Accordingly, as was mentioned in last year's Statement, the Legislative Assembly, in 1922, increased the initial rates on letters from $\frac{1}{2}$ to one anna, and on post cards from $\frac{1}{4}$ to $\frac{1}{2}$ anna. The new rates of postage were estimated to bring in an extra revenue of over Rs 1 crore, but owing to a very heavy drop in the volume of the mail, the actual enhancement realised was some Rs 0.7 crores. In fact, the year 1922-23, for the first time since 1880, displayed a setback in the growth of postal traffic. The total number of postal articles handled declined from 1,422 millions in 1921-22 to 1,186 millions in 1922-23, the biggest decrease being under the heads letters and post cards. During the year 1923-24, as trade began to recover from depression, and as the public became used to the new rates, the number of articles handled rose to 1,209 millions, showing an increase of 23 million articles over the figures for 1922-23. The net result of raising the rates was that the Department was able to show a surplus of Rs 0.27 crores in 1922-23 as compared with a deficit of Rs 0.58 crores in 1921-22. These figures, however, were calculated on the old basis of accounting, the working expenses included no provision for interest on capital or for depreciation, and the charge for pensions, which was transferred to the Department from the general superannuation vote, included simply the estimated outgoings for the year. Similarly, full credit was not given to the Department in

Commercialised Accounts respect of those miscellaneous services which it undertakes as additions to its primary functions. The year 1925-26 will be the first one in which the accounts will be prepared entirely on a commercial basis. About Rs 0.24 crores will be credited to the Department in respect of the agency functions above referred to, as a deduction from gross working expenses. It will be debited with a sum of Rs 0.5 crores for pension liability and Rs 0.32 crores by way of provision for depreciation. From the net receipts the Department will also pay interest

in 1923 was 67,000, in 1924, 107,000, while the output in 1925 was 133,500. The imports of Canadian cars increased in the year under review from 3,956, valued at Rs 65½ lakhs, to 4,775, valued at Rs 72½ lakhs. The number imported from America rose from 3,106, valued at Rs 73½ lakhs, to 4,143, valued at Rs 90½ lakhs. Italy, whose supplies had fallen in the previous year to 235 cars, more than regained her position and supplied 860 cars. The number of cars imported from France rose from 160 to 367.

The imports of motor cycles increased by 12 per cent in number, from 1,456 in 1924-25 to 1,629 in 1925-26. The value of the imports however advanced only by 2 per cent, from Rs 9,56,000 in the preceding year to Rs 9,86,000 in 1925-26. The United Kingdom's share in the imports was even larger than in the previous year, the number supplied by her rising from 1,201, which represented 82 per cent of the total number imported in 1924-25, to 1,458, which represented 89 per cent of the imports in 1925-26. The United States reduced her share to 113 (7 per cent) from 180 (12 per cent) in the previous year, while France supplied 18 and Germany 6 cycles.

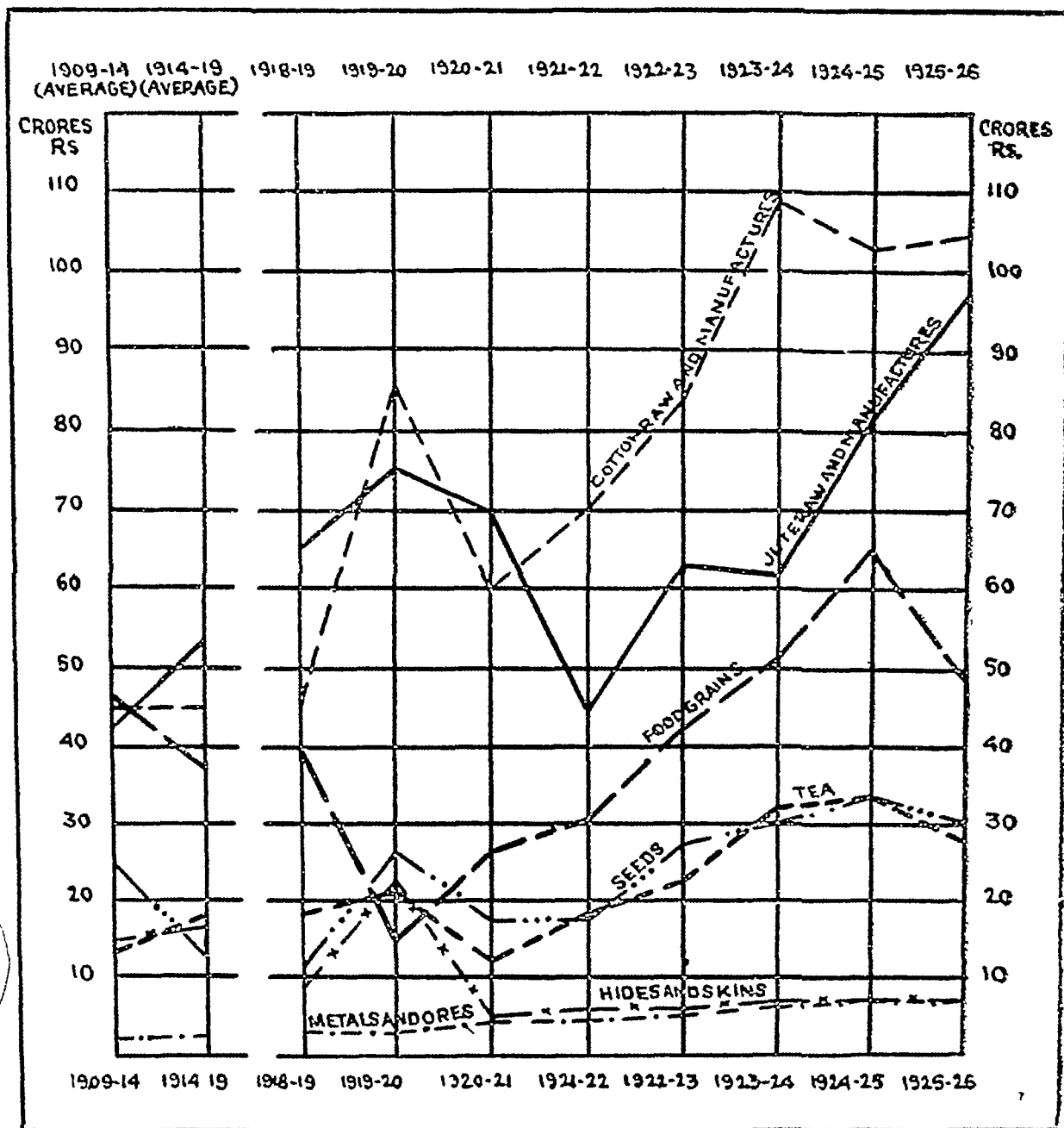
In the heavier section the increase in imports was striking, the number of motor omnibuses, vans and lorries imported rising by 124 per cent, from 2,162 to 4,840, and the value of the imports, by 128 per cent, from Rs 39, to Rs 88 lakhs. Canada and the United States of America, the two principal sources of supply, sent 2,378 and 2,014 respectively, as compared with 1,225 and 782 in the preceding year. Though the number imported from Canada was larger, the value of the supplies was less than the value of those from the United States, the figures being Rs 30 and Rs 41 lakhs respectively. The United Kingdom supplied 338 vehicles, valued at Rs 14 lakhs, as compared with 100 vehicles, valued at Rs 5½ lakhs in the preceding year. The increased use of motor vehicles for passenger and goods traffic, both in the cities and in the mofussil, explains the large increase in the imports. Imports of all classes of motor tubes and covers increased during the year under review with the exception of solid rubber tyres which showed a small decrease in number. The greater part of this trade is with the United Kingdom.

Turning now to the export trade of India we notice that cotton as usual keeps the leading position. The quantity of raw cotton exported from India showed an increase of 25 per cent from

DIAGRAM.

(2b) Variations in the values of principal articles in the Export trade of British India during the last eight years as compared with averages of the pre-war and war periods.

EXPORTS



which were due for relief under the scheme of remitting Provincial contributions provided by the budget of 1925-26. During the discussions of the Finance Bill in March, 1925, a strong demand was voiced for the re-introduction of the quarter-anna post-card and half-anna letter. But the Treasury benches made it clear that the loss of revenue resulting from such a step would cripple the Department. Accordingly, after an interesting debate, the case put forward by Government and endorsed by the non-official Europeans, finally prevailed. The Legislative Assembly by a small majority confirmed the existing rates.

Before the commercialisation of Departmental accounts, the Telegraph branch generally showed a considerable profit. But

Telegraphs

under the new system, in which the Post Office, Telegraphs, and Telephones are expected to pay interest on their capital outlay, the position has been modified. For example, the Post Office itself is expected in 1925-26 to work at a net profit of about Rs. 0.29 crores. The Telegraph Department, on the other hand, owing to the fact that it has now to pay interest to the extent of Rs. 0.48 crores on its capital outlay, is expected to work at a net loss of Rs. 0.26 lakhs. It is necessary, however, to convey a warning against accepting these figures as any exact measure of the results of the working of the different branches; for the activities of the Department are so closely intermingled that any allocation of general charges not debitable to any branch in particular, *e.g.*, the expenditure on the head quarters offices, is bound to be somewhat arbitrary. Turning from the financial side of the Telegraphs to the consideration of Telegraph engineering in India, we may notice that at the end of the year 1924, the total line and cable mileage was 43,000 miles, carrying just under half a million miles of wire. There are some 11,000 Telegraph Offices in India of which more than 9,000 are open to the public. During the period we are now considering, a daily letter telegram service at quarter rates, subject to a minimum of 20 words, which had been introduced as an experimental measure between India and Great Britain in October, 1923, was extended to all British possessions and the United States of America.

The telephone branch has somewhat to show in the way of growth. In 1900, the Department had 42 exchanges with only 500 connections, while the licensed Companies had 16 exchanges with 2,299 connections.

Telephones

1,458,000 tons, while, owing to the higher prices which ruled, the value increased from Rs 81 to Rs 97 crores. Of this, raw jute accounted for 39 per cent, and jute manufactures for 61 per cent. The quantity of raw jute exported was 7 per cent. less than in the preceding year and 16 per cent. less than in the pre-war year of 1913-14. The number of bags shipped was however the same as in the preceding year while the yardage of cloth exported showed a small increase of 5 million yards. In the year under review, 3,624,000 bales of raw jute were exported as against 3,898,000 bales in the previous year, but the value rose on account of higher prices, by 30 per cent, from Rs 29 to Rs 38 crores. Owing to violent fluctuations in the price of jute during the year, heavy losses were incurred by many and a considerable portion of the jute was shipped under contracts made at much lower prices than those prevailing at the time of export. The largest customer of jute was the United Kingdom, which took 27 per cent of the total quantity exported, while Germany, which had ranked first in order of importance as purchaser of raw jute in the preceding year reduced her takings to 22 per cent. Exports to the United Kingdom rose from 967,000 bales to 977,000 bales while the value realised rose by 46 per cent from Rs 7.23 lakhs to Rs 10.57 lakhs. Germany took 810,000 bales as compared with 1,060,000 bales in the previous year, the value improving from Rs 7.98 to 8.16 lakhs. France increased her takings from 453,000 bales to 496,000 bales. The United States took 388,000 bales as compared with 332,000 bales in the previous year, the values being Rs 3.87 and 2.46½ lakhs respectively, in 1925-26 and 1924-25. Italy took 275,000 bales, almost the same quantity as in the preceding year. Belgium, Spain, Japan and China took less, the last country considerably reducing her demands, but the Netherlands, Brazil, the Argentine Republic and Egypt increased their takings. The takings of the Continent of Europe, excluding Germany, have exceeded the pre-war level while the United Kingdom and America have not yet reached their pre-war standard of consumption. The increase in the takings by the United Kingdom during the year was due to the fact that Dundee spinners and manufacturers secured large orders for yarns as well as for twill sackings from the Continent, the Continental firms finding it frequently more profitable to buy than to spin. As in the four preceding years the Indian mills continued the short-time working of fifty-four hours per week. The agreement entered

groundnuts contributing 36 per cent, linseed 25 per cent, rapeseed 9 per cent, castor 9 per cent, and cotton seed 16 per cent. Exports of rapeseed fell in quantity by 57 per cent whilst the exports of linseed also fell appreciably during the year. Rapeseed which is used in the manufacture of margarine on the continent is losing ground in competition with groundnuts and Indian linseed which is used for the manufacture of oil and cake is being replaced by home grown linseed in Germany and other European countries. As usual France was the largest purchaser of groundnuts but Germany increased her imports considerably during the year taking 20 per cent of the total exports. The Netherlands and Italy also increased their takings.

The Indian tea industry enjoyed another prosperous year during 1925-26 but not to the same extent as in 1923-24 or 1924-25. The climatic conditions were very favourable to the crops at the start and free plucking was indulged in during the earlier months of the season. This resulted in much inferior tea being placed on the market. Production by the end of July stood at 22 million lbs ahead of the previous year. Prices naturally slumped, there was a general depression and producers therefore decided on limitation of outturn to prevent a repetition of the disaster of 1920. The effect of this decision was immediate, confidence was re-established, the quality of teas improved and prices recovered. But an exceptionally early cold weather and shortage of labour soon rendered any artificial restriction unnecessary and forced many estates to leave considerable areas out of the plucking round. The balance between production and consumption was restored and a very weak position was converted into an exceptionally strong one. The total production of tea in India during 1925 was estimated at 364 million pounds as compared with 375 million pounds in 1924 and 1923. 90 per cent of the total production was exported, the United Kingdom as usual taking by far the greater part. Direct shipments of tea to the United States and Canada fell from 6 and 9 million pounds respectively to 5 and 8 million pounds, but on the other hand re-exports from the United Kingdom to these two countries increased from $3\frac{1}{2}$ and $2\frac{1}{2}$ million lbs respectively in 1924-25, to $7\frac{1}{2}$ million pounds and 5 million pounds respectively in 1925-26.

The shipments of raw hides and skins during the year under review increased slightly as compared with the previous year and amounted to 50,800 tons valued at Rs 7,20,000 as against 7,00,000 in 1924-25.

with the Indian Radio Telegraph Company for communication with the United Kingdom by means of the Marconi Beam system. The instructional establishment is working satisfactorily. From the beginning of September, 1924, the Wireless Branch took over the supply of personnel for the Royal Indian Marine wireless services, whose operating and supervising staff will in future be supplied from this source. Further, a number of Indian operators from the Telegraph Department have been trained in the use of the new wireless telephone apparatus recently sent out from England. As compared with other countries, broadcasting in India is comparatively undeveloped. But there are now three Radio Clubs situated in

Broadcasting Bombay, Calcutta and Madras, which are likely to form the nucleus for considerable expansion in the next few years. These possess licenses enabling them to broadcast regular programmes. Draft conditions have also been formulated for the establishment of commercial broadcasting in India. There are, moreover, significant indications of an increased public interest. The number of wireless licenses issued for receiving sets has shown substantial increase, so much so, that the Telegraph Department have been obliged to bring to the notice of the general public the fact that possession of these sets necessitates the taking out of a licence from the nearest Post Office.

It may well be that, in the future, aviation will take its place among the other important methods of Indian transport. Not only **Aviation** is India on the direct line of communication from Europe to Australia and the East, but in addition it is naturally adapted for the development of air-travel. Throughout most of the year, meteorological conditions are excellent, and the difficulties arising from the monsoon should not prove insurmountable. Even the geographical features both of Burma and India invite the development of aviation, since on many routes railways are practically impossible and the existing means of transport slow and cumbersome. Moreover, the large commercial centres are situated at distances which conform conveniently to the speed of aeroplanes. For example, a night service between Bombay and Calcutta would save two working days on each journey, and a similar service between Calcutta and Rangoon would save nearly three working days. With all the advantages that an increased development of civil aviation is likely to bring to India, it must be pronounced a matter of regret that financial stringency has so far prevented any

would have presented the very greatest difficulty, the aerial survey was attended with great success and a similar survey is now being made of the South Tennasserim forests. On the whole, therefore, there seems good reason to believe that the development of aviation in India, although at present in a rudimentary condition, is likely to make rapid progress when once a fair start can be made.

In connection with the future of aviation, we may notice the important work of the Indian Meteorological Department, which by the determination of upper air movements, is steadily preparing for the day when precise information on this matter will be necessary to safeguard aircraft and to minimise the cost of flying. Throughout the year under review, work has continued on precise measurements of the high level winds at the Agra Headquarters and at the 8 outstations of India and Burma. Another very important function of the Meteorological Department is the provision of cyclone warnings to ports and shipping, and of flood warning to officers in the Irrigation, Railway and other Departments. The period under review was marked by heavy localized rainfall causing destructive floods in various parts of India, but the sea areas were unusually free from severe storms. For the Arabian sea, warnings were issued on 14 occasions, and for the Bay of Bengal on 32 occasions. The accuracy of cyclone warnings depends very much upon the co-operation of Ship Commanders at sea. The communication by wireless of certain standardized sets of meteorological observations is of immense assistance to the departmental experts. During the year under review, a beginning has been made with the policy of interesting individual Ship Commanders in this matter, reliable instruments being supplied on personal loan for use on shipboard, in return for regular weather messages and for special observations when called for by the Department. Two good barographs have been supplied to the mail steamers on the Madras-Rangoon run, and the results obtained show that the expenditure has been justified. In addition to these general services, the utility of which is increasing every day, the Meteorological Department carries on continuous scientific research into such matters as the exposure of thermometers, the relations of weather all over the world, and forecasts of the monsoon.

trade is also noteworthy. During the year under review the share of the United Kingdom in the import trade further decreased from 54.1 to 51.4 per cent and her share in the export trade also fell from 25.5 to 21 per cent. The share of the rest of the Empire in India's imports fell by about $\frac{1}{2}$ per cent and their share in her exports rose by about 1 per cent. The United States increased their share in imports from 5.7 to 6.7 per cent and her share in the export trade also rose from 8.8 to 10.4 per cent. The participation of Japan in imports also increased from 6.9 to 8 per cent and on the export side from 14.3 to 15 per cent.

We may now briefly review the direction of trade in a few of the more important details. In iron and steel imports the United Kingdom increased her share from 63 to 67.7 per cent whilst that of her chief rival Belgium fell from 19.6 to 15.6 per cent. The United States improved her position slightly while Germany's share decreased. In imports of machinery the United Kingdom's share fell from 84.1 to 79.7 per cent, the United States' share remained steadily at 9.5 per cent and both Germany and Belgium improved their position under this head.

Hardware trade seems to be passing into German hands, for during the year under review, Germany's share improved to 27.5 per cent whilst that of the United Kingdom further decreased from 40 to 38 per cent. Japan's share increased and the United States retained their previous amount of the trade, that is 15.6 per cent of the whole. Under the head of motor vehicles the United Kingdom receded to 27.6 per cent whilst the United States advanced to 36.6 per cent. Both Italy and France improved their position whilst Canada's share in the motor trade fell from 27.1 to 24.8 per cent. In Railway plant and rolling stock the United Kingdom's share decreased again and fell this year to 8.5 per cent whilst the United States, Belgium and Germany improved their position. Lastly the share of the United Kingdom in imports of cotton manufactures fell from 80.5 to 74.6 per cent while Japan increased hers from 13.8 to 19 per cent.

On the export side the United Kingdom reduced her share in the tea trade from 89.2 to 87.6 per cent. In raw jute the United Kingdom increased her takings to 27.9 per cent whilst Germany's share fell to 21.5 per cent. In jute manufactures the shares of the United States and the United Kingdom remained almost stationary at 36.5 and 6.5 per cent respectively. Japan took 50 per cent.

Bombay, Bengal, the United Provinces, and the Punjab also suffered severely from floods due to overabundant rainfall during the year 1924. In Bombay, the loss from damage to house property was estimated at Rs 6 79 lakhs, while the area under standing crops submerged amounted to more than 62,000 acres. But far more serious were the Jumna floods in the Punjab and the United Provinces. These occurred with such suddenness as to cause lamentable havoc. Nearly 200 lives were lost and several thousand head of cattle perished. In all, some 470 villages were affected, and of these a large number were entirely destroyed. In the Punjab an area of about a thousand square miles was actually under water. Both official and private agencies actively co-operated in the relief of distress. Funds were opened to popular subscription for the relief of sufferers and the response from the general public was excellent. Most fortunately, the excellence of the monsoon in other parts of the country enabled the damages to property to be made good more quickly than if it had occurred in a bad year.

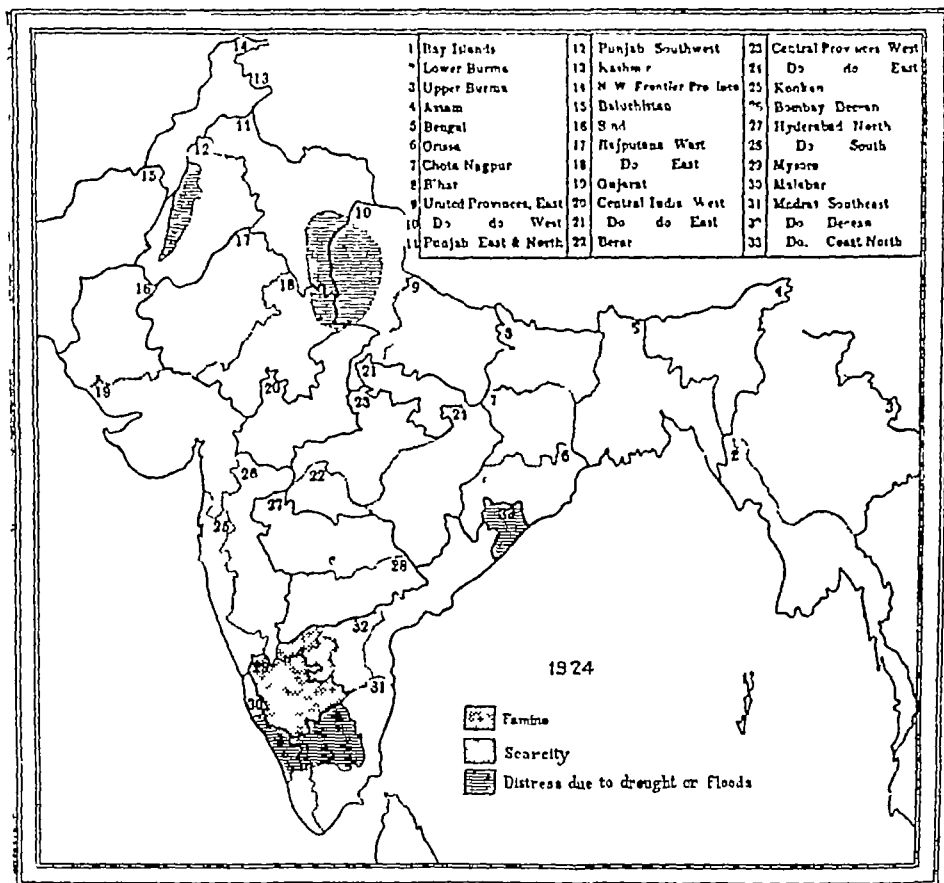
As a result of the continuance of good monsoons, the price of food-stuffs in India has again displayed a downward tendency.

Food-Stuffs During 1924, India's export trade in cereals revived to a remarkable extent.

Shipments of rice increased from 2 million tons in 1923 to 2 26 million tons in 1924, the value rising from Rs 31 5 crores to Rs 36 7 crores. Exports of wheat rose in quantity from 0 75 million tons to 0 78 million tons, and in value from Rs 10 8 crores to Rs 11 6 crores. Even more striking was the increase in the case of barley. In 1923, only some 45,000 tons had been shipped abroad. In 1924, the quantity rose to nearly half a million tons, valued at Rs 5 8 crores as against Rs 0 46 crore in 1923. It is to be noticed that the export trade in food grains is regarded with dislike by certain sections of Indian opinion. At first sight, such an attitude seems reasonable,

Export of Food-Stuffs for it is notorious that a large proportion of the Indian population is insufficiently nourished. But there is no reason to suppose that a permanent policy of restriction on exports, which is advocated from time to time, would achieve the end desired. If the cultivator were to be deprived of his foreign market, he would cease in time to grow commodities which he could not profitably sell. Inevitably, he would turn his attention to cotton and to oil seeds, thus reducing and not increasing the food supplies of the country. It seems therefore unlikely that

DIAGRAM No. 19.



under review to 2,084,000 bales Japan also increased her takings of husked rice, but most other classes of commodities exported from India to Japan fell off slightly

As in the four preceding years the United States ranked third in order of importance, in India's foreign trade The total value of the trade with this country increased by over 6 crores to a total of 55 crores of rupees Imports into India increasing by 1 crore and exports by 5 crores The principal articles imported from the United States were mineral oils ($5\frac{1}{2}$ crores), machinery and mill work ($1\frac{1}{2}$ crores), motor vehicles ($1\frac{2}{3}$ crores) and iron and steel and hardware (about 81 lakhs each) Exports from India of raw jute increased from 59,300 to 69,200 tons During 1925-26 Germany stood fourth in order of importance in India's foreign trade for the fourth year in succession, although the value of India's total trade with her decreased this year from $43\frac{1}{2}$ to 40 crores of rupees Imports from Germany decreased by over Rs 2 crores and exports by nearly $1\frac{1}{4}$ crores The principal articles imported from Germany are alizarine and aniline dyes, hardware and brass and copper This year imports of alizarine and aniline dyes fell to $5\frac{1}{2}$ million pounds as compared with $13\frac{1}{2}$ million pounds in the previous year Iron and steel and brass and copper also declined As already noted exports of raw jute from India to Germany declined in quantity as compared with the year 1924-25 but shipments of lac increased in quantity and there were larger exports of manganese ore and unmanufactured tobacco

Of the other countries with which India conducts overseas trade we may notice that the value of her commerce with Italy and Belgium decreased in the year under review while that of France, the Netherlands and China increased Imports of coloured cotton piece-goods, artificial silk yarn and motor cars from Italy increased

As was noted in previous year's report the old system of registration of trade across the land frontiers of India by means of clerks posted upon important trade-routes has been abandoned and a new system introduced under which traffic is registered in selected commodities at certain railway stations adjacent to the more important of the frontier routes Stations have been selected at which it is estimated that the bulk of the inward traffic is intended to be transported beyond the frontier and the bulk of the outward traffic consists of goods which have come from beyond the frontier.

the level of 1922. There was no corresponding decline in the general average of wages which, with their usual tendency to lag behind prices, still correspond to the requirements of the more expensive epoch. In certain industries, notably the cotton industry, there has been a slight reduction owing to depressed conditions, but, as a general rule, wages have remained high in proportion to the cost of living.

We may now briefly indicate certain of the principal factors which have operated to influence the condition of the rural and urban masses during the year 1924. Excellent harvests have continued, with the result that the price of food grains has been steady.

Labour Conditions in 1924 Rural

Throughout the year there was ample work and good wages for the agricultural labourer, who now finds himself in a position of greater independence than he has for some time enjoyed. In many parts of the country, field and ordinary labour commanded higher wages than in 1923, and employers not infrequently voiced complaints against the "dictatorial" attitude of labour during the harvest season. The margin at present existing between the cost of living of the classes labouring for cash wages and the figure of their earnings has made it a good year for them. The tendency noticed during 1923 towards joint action against the landlord for the purpose of maintaining wages at a standard level and exacting favourable conditions of work, has persisted. The Tenants' Unions or Kisan Sabhas which exist in various parts of India are reported to be strengthening their hold upon the agriculturists. They have on many occasions succeeded in exerting considerable pressure upon the landlords, for whom the year, on the whole, has been unfavourable owing to the high cost of labour and the low price of agricultural produce. Rural labour has, in short, enjoyed for the most part a good season. It should be noticed that the agricultural labourer works under conditions which differ considerably from those in the towns. The general level of his wages is lower than that of the urban worker but he gets many things free for which the town labourer has to pay. He gets a house to live in, while he is working for his employer, he gets one or two meals a day and in addition he often receives such amenities as a ration of tobacco. Further, his monetary income is far from representing his total budget, for even when he is not working the whole day for his employer, his food is mainly produced by the labour of himself and his family.

scheme is to have in London a building which can, like the offices of the Dominion High Commissioners, be treated as a centre in London by visitors from India and others interested in India, and which will be more easily accessible to business callers and the general public. The site which has been selected is on land belonging to the London County Council adjoining Bush House, and having its main frontage on Aldwych with a return frontage on Montreal Place which connects Aldwych with the Strand. The building, which it is proposed to erect on this site, is estimated to cost £300,000. The cost involved is large, but it is unavoidable if the building to be erected is to be worthy of India. It is hoped that the provision of such a building will go a long way to improve India's commercial relations with the Empire and foreign countries, and stimulate the export of her products.

Early in 1926 a Trade Publicity Officer was appointed as an experimental measure for one year to assist the Indian Trade Commissioner, London, in utilizing the opportunities which occur in England for commercial publicity of India's economic interests. This has proved a step in the right direction, for since the appointment was made, the display of Indian goods at some of the important exhibitions on the Continent has led to useful results. It has, accordingly, been decided to continue the appointment for another year, and to arrange for participation in Exhibitions and Fairs on a larger scale than hitherto.

In order to regulate commercial relations between India and Greece, a *modus vivendi* was concluded with the Greek Government by an exchange of Notes on the 11th September 1926. This agreement provides for the grant of reciprocal most-favoured-nation treatment of the goods produced or manufactured in the respective countries, the extension to Indian goods imported into Greece of the benefit of the conventional rates of duty accorded to United Kingdom goods and the exemption of currants, the produce of Greece, from payment on importation into India of duty in excess of 2 sh. per cwt. A notification under the Sea Customs Act, 1878, reducing the import duty on currants from 15 per cent *ad valorem* to Re. 1-4-0 per cwt. has been issued in discharge of this obligation.

that the middle classes are in a far less favourable position to adapt themselves to a change in the economic situation than other workers. Their traditions do not allow them to look beyond a very restricted number of professions, in all of which at present the vacancies are far exceeded by the applicants. Moreover, the same tradition, which compels them to maintain, at whatever cost to themselves, an appearance of respectability, prevents them from combining like the labourers for the improvement of their prospects. There can be little doubt that middle class unemployment is among the most serious problems which confronts the administration in India to-day, and the rigidity of the social and economic tradition preserved by these classes seems likely to make its solution a matter of infinite difficulty.

The problem as to whether the Indian masses are becoming poorer or richer under British rule is one which has for long occupied the attention of public men in India. The older generation of Indian economists were inclined to take a supremely pessimistic view

Economic Condition of the Masses.

of the situation, and to ascribe to the imperfection of the present administrative system a number of short-comings which are bound up with very deep-lying causes. Of late, there has arisen a school of economists who have approached the whole question in a more dispassionate spirit. Generally speaking, they say that there is some evidence which would point to a growing prosperity rather than an increasing poverty on the part of the Indian people. The multiplication of third class passengers on the Railways during the last decade indicates that more money is available after the bare

Evidence of Slow Improvement

necessaries of life have been met than was previously the case. The recently increased absorption of rupees, which four years ago threatened the whole currency system of India with inconvertibility, combined with the growing employment of silver for purpose of adornment by classes of the population accustomed within living memory to the use of baser metals, would seem to point in the

Indirect.

same direction. Perhaps more important as contributory evidence to a growing economic stability, is the manner in which the agricultural population has recently survived both scarcity and famine. During 1921, the proportion of the total population in receipt of relief was considerably less than 3 per cent throughout the whole area, widespread

M Visvesvarya to investigate the materials upon which an extended enquiry could be based. This Committee had not yet reported at the time of writing.

Some interesting figures are already available regarding the improvement which has taken place in the wages paid to labour

**Labour's Increased
Wages.**

Throughout the Presidency of Bombay, the daily average wages of field labourers have risen from 4 annas 9 pies in 1913 to 9 annas

in 1922. The wages of unskilled labour in district headquarter towns have increased during the same period from 6 annas 3 pies to 12 annas. Skilled labour reflects, as is only natural, the same tendencies in its own degree. For the Bombay Presidency as a whole the daily average wages of skilled labour rose from 13 annas 9 pies in 1913 to Rs 1-10-9 in 1922. Further, in connection with these wages it is important to notice that the cost of living throughout the Bombay Presidency now stands at only 154 as compared with the normal of 100 in July 1914. Thus while the cost of living has increased by 54 per cent during the decade ending 1922, daily average wages have roughly doubled. An interesting parallel to this condition of affairs is exemplified in the results of a recent wages survey undertaken in a part of India whose conditions differ widely from those obtaining in Bombay, namely the Punjab. In the case of unskilled rural labour, the average daily wage in the year 1912 was roughly 6 annas. In 1922, there were two predominant wages, one about 8 annas, and other about 12 annas. The most common rate for unskilled labour in the Punjab towns has risen from about 6 annas a day in 1912 to about 12 annas a day in 1922. In the case of skilled labour, such as workers in iron and hardware, brass workers and carpenters, the average daily wage has risen from about 16 annas in 1912, to between 32 and 40 annas in 1922. During the same period the price of foodgrains has risen from about Rs 3 per maund to about Rs 5 per maund. It would seem therefore, broadly speaking, that the position of labour in the Punjab, has, like the position of labour in Bombay, tended to improve during the last ten years.

But although it seems quite possible to maintain with fair degree of certainty that the masses of the Indian population, at least in some parts of the country, are gradually improving in their economic conditions, it must be borne in mind

**Striking Poverty is
General**

A study of the Budget Statement for 1927-28, which was presented by Sir Basil Blackett to the Legislative Assembly on February the 28th, 1927, takes the mind back irresistibly to his first Budget, which he introduced on March the 1st, 1923. In his speech on that occasion he said "for five years in succession India has had a deficit. The accumulated total of these deficits amounts to no less than one hundred crores (i.e., one thousand million rupees).

Moreover, besides the deficits of the Central Government, the recurring deficits of the Provincial Governments and of many local bodies throughout India must not be forgotten." The outlook, both for the Central Government and for the Provincial Governments, was at that time a black one, and if any person had prophesied then that four years later Sir Basil Blackett would be able to present a surplus budget after remitting hundreds of lakhs of rupees of provincial contributions, that the Indian Government would be able to borrow money at cheaper rates than the British Government, and that the provinces almost without exception would be free from their more pressing financial troubles, he would have been regarded as a very hardy optimist indeed. Yet his prophesies would have been true ones, for all these things have come to pass. Fortune has certainly smiled on the Government of India during these years by granting a series of good monsoons, but even these would have availed little had the conditions they provided not been employed with skill and courage. Great economies have been effected, particularly in military expenditure, debt charges have been vastly reduced, the financial machinery has been overhauled and improved, and the enhancement of the salt-tax in 1923 at last closed the gap between revenue and expenditure. One of the benefits, which have fallen to India from the restoration of her financial health since 1923 is the reduction of the salt-tax to half the amount imposed in that year.

Far and away the most important of all the improvements in the financial machinery of India during these years is the separation of Railway Finance from the General Finances. This statement requires the following explanation. The proposal for separation sprang in the first place from the fact, forcibly pointed out by the Committee under Sir William Acworth which investigated the Indian Railway system, that the annual allotments for railway expenditure were determined from year to year with less regard to actual Railway requirements than to the general financial position

duced by the Reforms would lead to early and widespread improvement. But the Indian masses are not ground down by the exactions of an extravagant Administration. In point of fact, they can barely support the cost of a machine which limits its functions to the most elementary services. The real truth is that the undeniable poverty of India arises principally from the fact that the country is governed

by a tradition which does not recognise the

An Uneconomic Tradition.

production and accumulation of wealth as being among man's legitimate aims. Accord-

ingly, the prevalent social system does not encourage either the habit of mind or the method of life upon which the successful pursuit of material prosperity in the last resort depends. It is quite permissible to maintain that the deep-lying religious sentiment which causes the vast majority of Indians to regard their present lives as relatively unimportant in the great fabric of past and future, embodies something nobler and more enduring than the material ideals of the Western World. But from the point of view of the economic development of the country, such an outlook is far more of a hindrance than of a help. This attitude has persisted for centuries among hundreds of millions of people, and even supposing that there had been a certainty in the minds of British statesmen that to disturb it was their duty, the task has been far beyond the resources which any Government organised on the present basis could hope to command.

This tradition is the root cause of the poverty, which means the low productiveness, of India. The average Indian peasant compares very badly with his compeers of other

Low Productiveness.

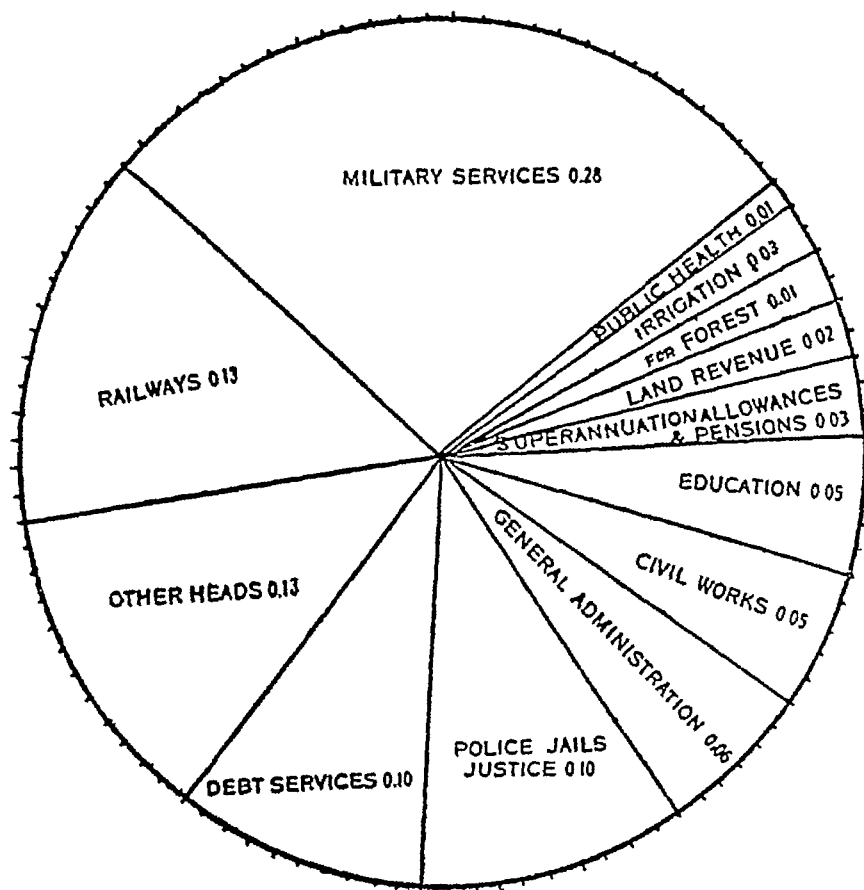
countries in this respect. Generally speaking, he has inherited from his forebears nothing of the immense

wealth which in Europe is handed down to the present day agriculturist in the form of improvements, reclamations, and working capital. His resources are very small, his implements rudimentary in the extreme. He prefers to carry on his day to day existence with such materials as lie ready to his hand, rather than strive, at greater cost to himself, after a higher standard of living. He will cheerfully lavish his poor resources upon the task of keeping his mud buildings and his primitive implements in working order by a process of annual patching, but will not make the small additional sacrifice necessary to replace them by structures

DIAGRAM.

How each Rupee of Expenditure was
made up in India 1925-26.

(Provincial and Central Together).



The Rupee of Expenditure 1925-26.

[The basis of reckoning is the same as that on which the accounts and estimates are prepared, working expenses of the Railway, Irrigation, Posts and Telegraphs Departments, refunds and the like being deducted from revenue and not treated as expenditure]

taining them amounts at a minimum figure to Rs 176 crores. This annual economic loss is over four times the entire land revenue of British India. Further, animal manure, particularly any form of bone meal, cannot be employed by a majority of the Hindu farmers because caste restrictions prevent their handling it. Since a great deal of animal manure is burnt as fuel, or is otherwise wasted, the ground becomes progressively impoverished. Indeed, while much is taken out of the soil, very little is put back into it. Again, the respect in which the Indian farmer holds animal life prevents him from taking adequate measures to protect his crops against the monkey, the flying fox, the squirrel, the jackal, the porcupine and the rat. Some authorities have estimated the annual economic loss from the depredations of these creatures as being greater than the total revenue of British India. Also, the diet prescribed by religious sentiment for large portion of the Indian people would be accounted in a Western country as definitely uneconomical. Milk and clarified butter are considered among the bare necessities of life, but even a wealthy country does not use butter in the wasteful manner common in India. Large quantities of cocoanut oil are annually exported from India to Europe, where they are manufactured into a butter substitute which religious sentiment prevents India herself from consuming. Even more serious is the waste of valuable resources throughout India owing to social tradition which prevents the employment of female labour on anything like an adequate scale. In the parts of rural India where the purdha system prevails, half of the population is restricted to work within the home and is not available even in periods when labour is in demand for farm work. But so deeply ingrained into the Indian mind are the customs of segregating women and of discountenancing female labour, that it is hard for the country to realise that no advanced industrial community of the West could possibly maintain its economic standards when 50 per cent of its population were gravely hampered in their opportunities for production. We may notice, again, that early marriage causes young immature women to become mothers before

Women's Productiveness Hampered.

they are old enough properly to care for their children. This leads not merely to high

Disgenic Customs

infantile mortality but also to the risk of lowered physique in the race. Insanitary customs and methods of living also contribute

finances is the outstanding improvement in India's financial machinery of late years, it is not the only one, and of the others the more important may be briefly summarised. Changes have been made in the form of the demands for grants with the object of simplifying business and enabling members of the Legislature, officials, and the public to understand better the scope and meaning of the financial transactions to which they refer. Further, the total number of grants has been increased and instead of one omnibus grant for General Administration each department of the Government of India now has its own separate grant—a change which obviously makes for greater precision and responsibility in the departments themselves, and for more effective control by the legislature. Again, territorial grants have been more logically arranged and important items have been withdrawn from the grant of the High Commissioner for India in London and attributed to the grants of the different government departments concerned. This latter change resulted from an Act passed in 1924 which made imported Government stores liable to customs duties, the idea of this being to encourage the purchase of stores in India. This made it necessary for spending departments to take the customs duties into account when considering the comparative cost of goods imported from outside and those purchased in India. By including the cost of stores together with customs duties in the departmental grants this comparison was made more real and departments were enabled to use their grants for purchases in India. Not the least important

trial labour in the towns One notable feature of the present organisation of industry in India is that the workers are predominantly recruited from the ranks of agriculturists The Indian

Characteristics of Industrial Labour.

factory hand, like the Indian country labourer, is characterised by a very small output, and this not merely on account of his inefficiency, but also on account of his migratory character In most industries throughout India, no real industrial community has yet established itself Coming from long distances as the workers frequently do, they are prone to throw up one job for another on slight provocation, and even when they remain in the employ of one concern, they often spend a substantial portion of the year cultivating land in their own village The result is an amazingly large turnover in practically all mills and factories, accompanied by an economic loss, which it would be difficult to compute If this loss is to be avoided, and the efficiency of the workman raised, he must be encouraged to aspire to a higher standard of living, which depends, of course, upon higher wages, better housing, and improved conditions So far as the first of these is concerned, there is reason, as we have already noticed, to believe that the margin of subsistence of the labouring classes is greater than at any previous period For the rest, continuous efforts are being made both by private enterprise and by the State to improve the housing and

Welfare Work

general conditions of labour In cities where Improvement Trusts exist, considerable attention is being paid to the provision of homes for the workers Private employers are also realising the economic advantage of undertaking housing schemes In several of the large commercial centres, European and Indian firms have set an honourable example in the care devoted to the conditions under which these labourers live Progress has been made in the provision of creches and of women doctors to safeguard the health of female employees There is a growing interest on the part of the general public in all large industrial centres in the health of the operatives, and organisations such as the Poona Seva-Sadan Society, and the Servants of India, are performing a valuable function in focussing public attention upon such questions as housing, food supply, indebtedness, medical aid, educational facilities and the like, where ameliorative measures are urgently required

careful management with which to meet growing expenditure. The settlements were made liable to periodical revision and the system thus established existed with modifications until the end of the first decade of this century. This is the beginning of the division of revenue heads into central, provincial and divided—a system which lasted until the Montagu-Chelmsford Reforms. The heads of revenues which were made over to the provinces were believed to be capable of expansion by careful management and thus likely to meet provincial needs. But, of course, revenue and expenditure in the provinces could not be made to meet exactly, and so the Government of India used to make contributions to the provinces by allowing them a percentage of the very important heads of land revenue which had remained with the Central Government. This settlement was revised from time to time, usually without giving satisfaction to the provinces, and, even, being the cause of much irritation. But in time land revenue became a divided head between the provinces and the Central Government and the latter

ately fewer women than they did in 1921. The number of children employed has increased from 68,000 in 1921 to 75,000 in 1923. But these figures give no indication of the change in the actual amount of child labour used in the factories now included. In Assam alone, over 11,000 children are employed in Tea factories formerly excluded from the Act, and when allowance is made for the effect of the inclusion of the additional factories, it appears plain that children have been excluded from employment in fairly large numbers. This is illustrated by the case of Cotton Spinning and Weaving Mills, in which the number of children employed has fallen by nearly 25 per cent since 1921. Here, the decrease has been assisted by vigorous measures designed to prevent children from working in two factories on the same day, and the success of these measures in the centres where the practice is most common, affords ground for hope that the abuse may be stamped out. The exclusion of children in the newly registered factories has probably been on at least as large a scale. It should be noticed that the Act of 1922 did not exclude children between 9 and 12 who had actually been employed a year before it came into force, so that a number of these children were able to remain in employment during 1923. Hence, the full effect of the reforms cannot be estimated from the figures of that year.

Hours of Work.

The statistics of the hours of work show that the percentage of factories maintaining a week of 48 hours or less for men is 27, in 13 per cent more, the men employed work 54 hours or less. The proportion of factories working in excess of 54 hours is 60 per cent. For women the corresponding percentages are 31, 14 and 55. The movement towards shorter hours is most marked in Bengal and Assam, in both of which Provinces the hours of work for women are 48 or less in the majority of factories. In Bombay, a greater proportion of factories appear to work up to the limits permissible under the Act both for men and women. The maximum weekly hours for children are 36, and it is satisfactory to note that 43 per cent of the factories employing children limit their work to 30 hours or less. The question of ventilation in factories is receiving increased attention. In the Central

Ventilation

Provinces, owners of Ginning Factories were supplied with illustrations and an explanation of a special dust extracting plant, but it is reported from the Punjab that the expense

between the Provincial and the Central Governments. The Provincial Governments took the receipts from Forests and Registration as well as from Courts and Jails. To the Government of India went the revenue from opium, customs, railways, posts and telegraphs, and tributes from the Indian States. The Central Government out of these incomings was responsible for defence charges, for the upkeep of railways, posts and telegraphs, for the payment of interest on debt and for the Home charges. The provinces from their incomings met the expenses connected with land revenue and general administration, with forests, police, courts and jails, with education and with medical services. Charges for irrigation and ordinary public works were common to both the Central and to the Provincial Governments.

This state of affairs has now passed away as a result of the changes introduced by the Montagu-Chelmsford Reforms. The authors of the Report had urged the necessity of the complete separation of the finances of the Central Government and those of the various Provincial Governments, and to this end had outlined a scheme. Their main recommendations were that no heads of revenue should continue divided, but that land revenue, irrigation, excise and judicial stamps should be completely provincialised, and that customs, income tax, and general stamps should become central heads of revenue. Inasmuch as under this re-arrangement the Government of India would lose heavily, the scheme proposed that contributions for the benefit of the Central Government should be levied on the provinces to make up the deficit. For the purpose of

agriculturist at heart. The workmen serve industry for only a portion of their lives and expect ultimately to return to their villages, which may be hundreds of miles away. Secondly, the ordinary workman is not in a position to enter into expensive litigation, nor has he any organization to assist him in carrying through a protracted case. In spite of this, the tendency to litigation is far more pronounced in India than in western countries. Thirdly, there is a paucity of qualified medical men. All these difficulties have been realised in the framing of the Act, which in some of its details differs widely from typical European measures designed for the same purpose. But the introduction appears to have been effected smoothly, and the measure is generally recognised as one for which there was a real need. A pathetic confirmation of this view is afforded by the occurrence, in the first month of the operation of the Act, of the most serious accident which has yet happened in an Indian factory, when owing to the sudden collapse of a portion of a Mill in Ahmedabad, some 30 lives were lost. The Workmen's Compensation Act, together with the measures described above, demonstrate the importance which the Government of India now attached to labour legislation. As indicating the generally liberal attitude of law-making upon this subject, we may refer in passing to the measure already described in a previous chapter, abolishing the penalties formerly prescribed under the Criminal Law for a breach of contract by workers in certain conditions.

Among the most interesting of the attempts now being made by legislation to safeguard the interests of the Indian workers is the

Protection of Trade Unions	recent introduction of a Bill for the protection and registration of Trade Unions in India.
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In the course of the year 1921, Labour Unions came prominently before the notice of the general public on account of the magnitude and frequency of the strikes which took place. But the development of the Trade Union movement has been largely conditioned by the peculiar characteristics of the Indian labour. The Indian workman is predominantly illiterate, and has few leaders from his own class to whom he can turn for guidance. In consequence, trade unionism in India has been

Growth of the Trade Union Movement.	largely led by middle class men, professional lawyers and others, who have not in all cases distinguished between economic and political considerations. Moreover, with the exceptions of the
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cause of this India, like every other belligerent country, had had to divert her energies to the prosecution of the war and therefore during these early post-war years there was much reconstruction and development work to be done. The greater part of this now fell to the lot of the Provincial Governments, which also had to incur large expenditure in increasing salaries to meet the increased cost of living and in adding new staffs and new departments in accordance with the expansion of their activities and responsibilities. Thus, the years following 1920 were years of financial loan-ness for the provinces as well as for the Government of India. Later in this report we shall see something of the political effects of this financial stringency, particularly its effects on the working of dyarchy. The point on which we have to concentrate here is that the circumstances of these years were such as to force the provinces into heavy expenditure whilst leaving their revenues comparatively inelastic. Thus, Provincial Governments were forced to look for relief primarily to the remission of the provincial contributions, and the record of debates in the Central and Provincial Legislatures, and the output of newspaper articles and platform oratory shows how strongly the demand for remission was pressed during the years immediately succeeding the Meston Award. Obviously, however, the balancing of the central budget without the aid of provincial contributions was the over-riding condition of such remission. Something has already been said of the economies practised and the improvements made in financial machinery which at last brought about a balanced budget, and in his budget speech for 1925-26 Sir Basil Blackett, after showing a surplus of 324 lakhs of rupees, made the welcome announcement that he proposed to distribute the large sum of 250 lakhs to the permanent remission of provincial contributions. To give a full account of the system according to which the remissions of provincial contributions are to be made would weary the reader. It is enough to say that according to the system certain provinces have priority over other provinces. Madras, the United Provinces, the Punjab, and Burma were given the first claim on remissions and not until almost half of the total contributions had been remitted could any other province claim to enter the fortunate circle entitled to relief. Thereafter every province in India was to share in the relief according to the measure laid down for it until the relief became absolute. By this first remission, therefore, Madras received the handsome gift of 126

spread rapidly, and by the close of the month, the operatives of practically all the cotton mills in Bombay city and Island had joined. Following the report of the Committee of Enquiry appointed by the Bombay Government, the strike collapsed on the 25th March. Many of the operatives had then left for their villages, and about another month elapsed before the Mills were again working at full strength. The total number of operatives affected were over 1,60,000, and the number of working days lost was in the aggregate close upon 8 millions. The circumstances of this strike were remarkable. Among the very large number of operatives affected, there were scarcely any trade-unions. None the less, the strike was protracted, and the general freedom from acts of violence was noteworthy.

The legislation to which we have referred is designed to provide for the registration of Trade Unions and in certain respects to define the law already existing. The subject **The Trade Union Bill** was first raised in the Assembly in 1921 as a result of a decision of the Madras High Court which seemed to threaten the activities of those who organised Unions for the purpose of improving the status of labour. The proposals made by Government were in the interval widely circulated throughout the country, and in the light of the opinions received, a draft Bill was prepared and published in September, 1924. The Bill, as introduced in February, 1925, offers to all *bonâ fide* Trades Unions the opportunity of registration, which involves certain liabilities and confers certain privileges. These liabilities and privileges are alike confined to registered Unions, and the legal position of unregistered Unions or other Associations is left unaffected by the Bill. As regards liabilities, the Bill requires registered Trades Unions to frame and supply rules in respect of certain specified matters, to have their accounts audited, to include in their executive a majority of persons actually employed in the Industry with which the Union is connected, and to confine expenditure of their funds to certain specified objects. As regards privileges, the measure will protect the officers and members of Trades Unions from liability in respect of breaches of contract or restraint of trade arising from acts done in furtherance of trade disputes, registered trade unions will enjoy a large measure of protection from liability for the tortious acts of their agents, and their officials will receive a certain measure of protection from prosecution for criminal conspiracy in

any proposals which may be made and to ensure that their delegates will have adequate instructions before the final votes are recorded. The next Conference will decide which of the above proposals and in what form are finally to be adopted.

From the survey of conditions presented in the preceding pages of this chapter, it must be plain that the most pressing need of India to-day is a 'systematic movement for the uplift of the masses, both urban and rural. The stimulus to such an uplift does not at present exist among the people themselves, and the Administration alone cannot do very much to encourage it. If success is to be achieved, continuous efforts on the part of the authorities must be

The Co-operative Movement

supplemented by an impulse towards self-improvement on the part of the masses. Perhaps the most powerful stimulating agency in this direction is to be found in the co-operative movement. This movement is only some 20 years old and the progress which it has achieved in this short time may be gathered from the diagram on the opposite page. It was originally introduced into India with the object of providing capital for agriculture, but it soon became clear that what the country really wanted was not so much capital as instruction in the wise use of it. As we have already noticed, there are few things more important for the economic welfare of the nation than the encouragement of thrift, co-operative societies now place this aim among their primary

Aims and Achievements objects rendering valuable service by the collection of small shares, by receiving deposits, and by attempting to induce members to make compulsory contributions for special purposes. Further, agricultural non-credit societies are playing an increasing part in the rural life of India. They deal with such matters as the joint sale of agricultural produce, the production and sale of implements and manures, the furtherance of irrigation projects, and the consolidation of holdings. They open dispensaries and schools, they assist the Agricultural Departments in spreading improved methods of cultivation, they maintain communications, they build new roads.

The steady growth of public confidence in the potentialities of the movement is well exemplified by the manner in which it has survived the troubles of recent years. During 1921-22 in parti-

Steady Progress.

cular, the whole political atmosphere of India was antagonistic to the purpose and

advance made by the Central Government to the Provincial Governments can be excluded from the Public Debt of the Government of India in the same way as advances made on the guarantee of the British Treasury to public bodies in the United Kingdom are excluded from the British Public Debt. The real facts regarding the Public Debt in India will be more obvious and the facilities for raising new capital will be widened if so large a portion of the money required for capital development of all kinds is not to be raised as at present by a single borrower, namely the Government of India, on the sole security of the Indian revenues.

This prolegomenon will seem to those who have made a study of Indian financial affairs unduly drawn out, whilst to others it may possibly appear obscurely and tantalisingly brief. But it is to be hoped that it will give, at any rate, a fairly intelligible background against which to view the present financial condition of India as shown in the Railway Budget and the General Budget for 1927-28. As the Railway Budget comes earlier in time than the General Budget and is one of the tributaries of the latter, we may discuss it before we turn to the general finances of the country.

The final financial results of 1925-26 showed that the railways had contributed 549 lakhs of rupees to general revenues and 379 lakhs to railway reserves—these figures being better by 17 lakhs and 34 lakhs respectively than the revised estimates. The probable financial results for 1926-27 were, however, disappointing. A net surplus of 594 lakhs was now expected instead of 871 lakhs, the gross receipts having fallen short by four and a quarter crores, while total charges were less by 157 lakhs. The gain from commercial lines was 775 lakhs instead of 1,045 lakhs and the loss on strategic lines was 181 lakhs instead of 174 lakhs. Explaining these figures, the Railway Member said that factors beyond human

marketing Co-operative Commission Sale Shops have been established in Lyallpur, which advance 75 per cent of the value of all grain which has been brought in. As a result, the landowner is relieved from the necessity of disposing of his grain at an artificially low price immediately after harvesting, and can afford to wait until the market rate represents a fair return. He is also released from the grasp of Commission agents to whom, in return for loans, he was previously compelled to dispose of his crops at far less than their real value.

In the United Provinces, during the period under review, the Co-operative Department has mainly concentrated on the task of

consolidating the progress already achieved

United Provinces.

No new society is now registered unless the Circle Officer has inspected it twice on the spot and found everything satisfactory. Both membership and working capital show a gratifying increase, and the financial position of the movement is claimed to be sound. There are a large number of honorary workers, many of whom take a lively interest in the activities of the Co-operative Department. But the Registrar reports that the movement has as yet scarcely seriously affected the masses in whose interest it is designed. Some of the difficulties at present encountered are the legacy of early enthusiasm, when advances were permitted to be made for almost all conceivable objects in more or less reckless fashion. But the part which the movement is playing in the life of the Province is certainly on the increase. During the year, a Provincial Conference, attended by a fairly large and representative gathering of co-operators was held at Benares. This excited considerable interest, which was increased by the organisation of a handicrafts exhibition. A number of useful resolutions were passed and the meeting was pronounced a success.

In Bihar and Orissa, it is remarked that the Co-operative Department serves, to some extent, to focus the activities of other branches

of the administration. The Agricultural

Bihar and Orissa

Department, for instance, finds it useful to introduce improvements in agriculture through the medium of co-operative societies. A notable experiment in this direction, during the year under review, was the formation of a society to undertake joint farming on a large scale in Chhota Nagpur. Similarly, the Department of Industries can often more easily

to the general revenues of this country by the railways, and the high value of the latter as an asset to the general economy of India

At the beginning of his speech introducing the general budget for 1927-28 Sir Basil Blackett was able to announce that the final results of the financial year 1925-26 revealed an improvement of over 2 crores of rupees on the revised estimates for that year, and, reviewing the current year's working, he said that customs receipts had improved by 130 lakhs mainly under sugar and protective duties, the latter owing to larger exports. Taxes on income and salt showed decreases of 29 and 20 lakhs respectively. Military expenditure was 67 lakhs more on account of larger purchases and increased manufacture of ordnance and other stores. In the end, the Budget figures showed a realised surplus of 310 lakhs, a surplus for the fourth year in succession.

The position of Ways and Means, and the Public Debt, continued Sir Basil, was extremely gratifying. The Government hoped to finance their entire capital programme amounting to 27 crores, and that of the Provincial Governments, and to redeem maturing debt with less than ten crores of new money. They also hoped that this money would be forthcoming on favourable terms. They had avoided external borrowing since May 1923 and next year's budget provided for no such borrowing. The total sterling remittance programme for the next year was 35½ million pounds against 27½ million pounds in the current year.

The estimate of revenue for 1927-28 comes to 128.96 crores or 129 lakhs less than the revised estimate of 130.25 crores for 1926-27. This takes into account the reduction of forty lakhs in protective duties which will be one result of the new Steel Protection Bill, and a reduction under Opium in accordance with the policy announced last year. The estimated aggregate expenditure was 125.26 crores. This figure included a net military expenditure of 54.92 crores which, the Finance Member said, seemed to be very nearly the minimum which is absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised. The Posts and Telegraphs Department was being worked on the fundamental principle that it should not be a burden on the general tax-payer, and therefore no reduction in postal and telegraph rates could be expected till revenues improved. The surplus of revenues over expenditure expected is 370 lakhs, a figure arrived at on the assumption that there will be no departure from the

experiment will succeed. The co-operative irrigation movement made rapid progress, and there was a large increase in the irrigation societies. In order to cope with the demand, a large expansion of the departmental staff and some addition to the engineering staff are now under contemplation. The co-operative milk societies and the Union to which they are affiliated fully maintained the position already won. A most satisfactory feature of the progress of these societies is the steady advance made by them towards achieving financial independence. The Union is now dependent on outside sources for little more than one-fourth of its working capital, while 72 per cent. of the societies have been able to conduct their business with their own capital.

In Madras, the progress made by the Co-operative Department, both in the formation of new societies and the development of those registered in previous years, was very satisfactory. There was a large increase in the number of members and in the amount of share capital, of working capital and of reserve fund. The steadily increasing efficiency of many of the local supervising Unions gave evidence of the success of the policy adopted by Government of transferring, within statutory limits, the control of primary societies to non-official organizations wherever such a course is practicable. The division of the subordinate staff of the Co-operative Department has resulted in a distinct improvement in the quality of the audit of societies' accounts. Some noteworthy features of the Co-operative movement during the year were the increased activity of building societies stimulated by financial help from Government, a marked development in the organization of labour societies, and an increase in the number of societies formed by cultivators to enable them to hold up their crops for a favourable market and for the joint sale of their produce. The Labour Societies were formed to provide work for their members, and many were able to get contracts from local Boards, Municipalities and Government. The co-operative movement also made satisfactory progress among the depressed classes during the year.

In Bombay, owing to the unfavourable nature of the season and to certain other causes, a cautious policy had again to be followed with regard to registration of new societies. There was nevertheless a gratifying increase both in the number of societies and in the roster of members. It is

the miniature province of Coorg is relieved of her annual contribution of Rs 12,000. Besides the above, Bombay gets a special relief of 28 lakhs, this being half of the full contribution which she ought to have paid during the current year. The total amount thus diverted to the provinces is 545 lakhs which will be available for the development of the "nation-building" services which all true friends of India have at heart. A balance of 101 lakhs from the current year's surplus is to be kept as a nest egg for use in connection with the inauguration of the Gold Bullion Standard and the Reserve Bank.

Unfortunately the atmosphere both of the Assembly and of certain parts of India at the time of the presentation of the Budget was vitiated, as we have seen, by the controversy over the stabilization of the rupee, and the undoubted merits of the above statement were thus not acclaimed as frankly as they would otherwise have been. Still, in spite of the charges made in some quarters that the Budget for 1927-28 had been framed as a monumental defence of the Government proposal to stabilize the rupee at 1s 6d gold, criticism was softened to some extent by the jubilant realisation in the provinces that the burden of provincial contributions had at last been rolled from their backs, and that even that part which was only temporarily remitted by this budget stood a good chance of being permanently remitted by the next. At any rate, few will be found to deny that this budget is a worthy result of the efforts and sacrifices of the past four years or to hope that it will prove to be the prelude to a period of financial prosperity and development.

The Report of the Royal Commission on Indian Currency and Finance promises to prove the herald of this hoped for period.

We have already seen that the report was given great political importance in this country by the powerful agitation which was raised against one of its recommendations, namely, the recommendation to stabilize the value of the rupee at 1s 6d gold. At this point we shall have to study the report as a whole, and, in consideration of its importance and comprehensive character, at some length. But before doing so a few words may be said about the circumstances in which the Commission was appointed. India, like every other country in the world, had her currency system severely tested by the Great War. Silver rose to a high price and the metal contained in her token coin, the rupee, became worth far

training A particularly fruitful branch of development is the provision of night schools which are now flourishing in certain parts of the Presidency

In the Central Provinces, the financial position of the co-operative movement showed some improvement, that of the Provincial

Central Provinces. Bank being of considerable strength But

the condition of the rural societies continued to be unsatisfactory, and the total number of societies of all kinds showed a decline both in numbers and in membership It is also reported that the Co-operative Store movement showed little animation Owing to the large amounts due for collection, the statistics of arrears present an unnecessary gloomy appearance, but it is remarked that what is really necessary is the careful fixation of instalments in consultation with the societies, so that the amount due in any year should be within the paying capacity of the members

In Burma, it is remarked that the year 1923-24 has been one of successful progress for the co-operative movement The Co-

Burma. operative Council has been de-officialised; the Agricultural and Co-operative Associations

have been further developed, and a scheme is being evolved for the granting of credit facilities by the Imperial Bank on the security of societies' pronôtes Since the introduction of the movement, the progress has been striking, and its effect on economic and social conditions is undeniable But if co-operation is to have lasting effects it must stand more and more on its own feet Government has done what it can to inculcate the main qualities which co-operation requires, namely, thrift, moral responsibility, and self-sacrifice for the good of the community It is now for the people themselves to determine whether the influences of co-operation are to be permanent or not

In Assam, the number of societies, their membership and their working capital showed a gratifying increase during the year under

Assam. review The Department of Agriculture has

now been amalgamated with the Co-operative Department, and action is being taken for the expansion of the movement without immediate increase of staff It is hoped that the active inter-working of both Departments will contribute much to ameliorate the conditions of the agriculturists Here also, as in

The report deals with the following main topics —

- (a) The establishment of a gold standard for India,
- (b) the creation of a Central Bank, its organisation and responsibilities,
- (c) the ratio of the rupee to gold and
- (d) the arrangements to be adopted during the period which must elapse before the Central Bank can be brought into being

It was signed by all members of the Commission and contained a minute of dissent by Sir Purshotam Das Thakurdas, which will be mentioned in due course

The first part of the report—about one quarter of the whole—is occupied by a discussion of the existing currency system of India and its defects and may be summarised as follows —In the first place, the system is far from simple and the basis of the stability of the rupee is not easily intelligible to the public. It is quite true that, as Mr Keynes said as long ago as 1913 in his book “Indian Finance and Currency” “In the Gold Exchange Standard and in the mechanism by which this is supported, India is in the forefront of monetary progress” But only students could appreciate the merits of this mechanism and therefore, if it could be replaced by something easier for the ordinary citizen to understand, it would be advantageous to do this. The Indian Currency consists of two tokens in circulation paper notes and silver rupees—which are mutually convertible and there is also the unnecessary excrescence of a third full-value coin—the sovereign—which does not circulate at all. Further, the rupee token, into which there is an unlimited liability to convert the note token, is very expensive and is liable to vanish from circulation if the price of silver rises beyond a certain level. Secondly, the Commission criticises the system of reserves with its cumbrous duplication into the Paper Currency reserve and the gold standard reserve and the dangerous and antiquated division of responsibility for control of credit and currency between the Government of India and the Imperial Bank. The Government control currency and the credit situation is controlled, so far as it is controlled at all, by the Bank. Thirdly, the expansion and contraction of currency are wholly dependent on the will of the currency authority and do not expand or contract automatically. Lastly, the system is inelastic

a formidable opposition to the introduction of new and more healthful practices. But the prospect is by no means hopeless. The receptivity of the educated classes to new ideas increases year by year, and the small band of devoted workers who labour unselfishly among their fellow countrymen attracts more and more recruits.

For a rapid amelioration of the sanitary condition of India, two things are requisite. In the first place, the administrative agency

**Possibilities of
Improvement**

which commands such resources as the State can devote to the task must enjoy

popular confidence and proceed along lines in conformity with the prevailing mental processes of the people. In the next place, this agency must be supplemented by organised public opinion if it is to possess sufficient driving force to overcome the dead-weight of age-old inertia. The first essential is already to some extent realized, since sanitation has been transferred to the popular branch of the reformed administration. But the second requisite still falls far short of the requirements of the country. It would be difficult to praise too highly those public men who are devoting their time, energy and enthusiasm to the task of educating their countrymen along the lines of sanitary progress. Such organizations as the Servants of India Society can display a record of which any country might be proud. Moreover, despite the obstacles imposed by current social practice, the training of women workers is making steady progress. Reference has been made in previous Statements to the activities of the Poona Seva Sadan Society, which, in the 15 years of its existence, has sent out more than 150 women as teachers, lady doctors, nurses, midwives, and public health visitors. Year by year, it educates and equips nurses, women medical students, and teachers whose influence is spreading steadily throughout the localities in which they work. If only India could be covered with a network of similar organizations, depending for their efficiency upon the enthusiasm of devoted workers and enjoying the confidence and admiration of the masses, the sanitary problem would be solved in no long period. Official and semi-official agencies do what they can, but until the impulse comes more directly from the people themselves than is at present the case, progress must be slow.

During the last ten years, much has been done to improve the sanitation of the larger towns, but of late financial stringency has caused a falling off. The opening up of congested areas and the replanning of cities on better lines are peculiarly difficult in India.

of this scheme were to eliminate the threat to the currency inherent in the possibility of the rise in the price of silver and also to cure the uneconomic habit of the people of holding the precious metals as a store of value. The chief objections which the commission found to this scheme were the insuperable difficulties which must be encountered in obtaining the necessary credits. For, to introduce the scheme in all its stages would require £103 millions of gold, whilst the annual cost of the scheme would be considerable. Again, the Indian Government would have for disposal about 200 crores of silver rupees and the effects of this on the silver market throughout the world are obvious. Other silver using countries, particularly China, might follow India's example and in any case the large extra demand for gold from India would cause increased competition for gold among the countries of the world and lead to a substantial fall in gold prices and a substantial curtailment of credit which, in their reaction on India, would on balance be unfavourable.

The standard which the Commission favoured may be described as a Gold Bullion Standard, the essence of which is that the ordinary medium of circulation in India should remain, as at present, the currency note and the silver rupee, and that the stability of the currency in terms of gold should be secured by making the currency directly convertible into gold for all purposes, but that gold should not circulate as money. An obligation should be imposed by statute on the currency authority to buy and sell gold without limit at rates determined with reference to a fixed gold parity of the rupee but in quantities of not less than 400 fine ounces, no limitation being imposed as to the purpose for which the gold was required. Since gold bars are to be given in exchange for notes or silver rupees, not for export only, but for any purpose, this is not an exchange standard but an absolute gold standard. In order, however, to protect the wholesale bullion market, it was essential that the currency authority should not become the cheapest market for gold in India or provide gold for non-monetary purposes and the Commission proposed that the conditions governing the sale of gold should be so framed as to achieve these purposes. This could be done by fixing the selling prices of gold at rates which would enable the bank to replenish its stock of gold without loss by importation from London. There is no need to detail the various technical recommendations which the Commission made in relation to this main proposal, for

scheme for subsidising private practitioners to take up work in newly-established surgical centres, round which existing village dispensaries may be grouped. By this means it is hoped gradually to bring advanced medical aid within the reach of every locality. Local bodies, where they exist, are taking up the question of sanitation. Many District Boards possess qualified Health Officers under whose guidance a large amount of useful work has been initiated. In general, these authorities are displaying an increasing appreciation of the importance of sanitary reform, but hitherto their efforts have been gravely handicapped by financial stringency. But interest is awakening. The Public Health Departments all over India are now organizing propaganda work in rural areas. Cinematograph films and magic lantern slides, illustrating the sources of the commonest infectious diseases, and explaining preventive and curative methods, are now being exhibited in many rural districts. The co-operative movement is displaying in this field, as in so many other, its potentialities. Co-operative anti-malaria societies are now working in certain parts of India, notably in Bengal. A Central society has been established, in connection with which a network of anti-malaria and Public Health societies have been established throughout many of the Bengal villages. The Central society arranges for magic lantern slides, for dramatic performances, and for cinema shows, while placing at the disposal of local societies the result of recent researches on malaria, kala azar, cholera and other preventable diseases. Each local society is required to carry out certain definite measures in its locality, including the improvement of drainage, the clearing of undergrowth, the preparation of a map of stagnant pools, and the initiation of arrangements for kerosene treatment by volunteers, the administration of quinine to malarial cases, and the systematic maintenance of the fever index of the village.

Among the most pressing problems of India's public health is the infant mortality. It has been calculated that every year some 2 million Indian babies die. Birth registration is still too casual to afford precise data,

Infant Mortality. but it may be stated with confidence that one in six, or perhaps even one in five, of the infants born in India perish within the first year of life. In crowded industrial cities, the rate is even more lamentable, and it is believed that in certain localities the death-rate varies from over 200 to 600 per 1,000. In England, the corresponding

adjustment of prices to 1s 6d was still to come, that no adjustment in wages had taken place, and that until the general adjustment of prices is complete, the 1s 6d ratio gives the foreign manufacturer an indirect bounty of $12\frac{1}{2}$ per cent. He also believed that the 1s 4d rate should be regarded as the natural rate for the rupee and that any alteration would have serious political effects in India.

It is unnecessary to undertake any elaborate comment on this summary of the Royal Commission's Report, for the reader will immediately perceive that its proposals, if carried into effect, will be literally epoch-making, for those which relate to the proposed Reserve Bank and its functions will start a new epoch in the history of Indian banking and the organisation and administration of Indian currency and finance generally. These proposals have been embodied in a Gold Standard and Reserve Bank of India Bill which was introduced in the Legislative Assembly on January the 25th, 1927, and, after being circulated, was referred to a Joint Select Committee of the two houses of the Central Legislature, by whom it is now being considered. One very far-reaching consequence of this Bill, namely, the large measure of freedom in currency policy which it would confer upon the proposed Reserve Bank of India, has been already noticed and here its contents may be examined more closely. Before doing this, however, we shall find it an aid to our understanding of the contents of the Bill and their implications if we review as briefly as possible the existing organisation of banking in India.

Indian banks fall into four well-defined classes. First there is the Imperial Bank of India, with its many branches all over the country, numbering over 160, in addition to about 20 sub-agencies. Next come the exchange banks, which are really branches in India of banking corporations whose main interests are in Europe or the Far East and who finance the Indian export trade as an important addition to their main operations. Next come the Indian joint-stock banks, and lastly the numerous and heterogeneous group of Indian bankers, brokers, Marwaris and so on, whose operations are almost entirely confined to the interior of India. It is the members of this group who finance the movement of crops to the ports where the exchange banks, so to speak, take them over and begin their operations. It is well-known that India is woefully short of banks and it has been calculated that there are still approximately 500 towns in India with populations of 10,000 and upwards which

tions into the epidemics with which India is afflicted. Towards the end of 1923, a conference of medical research workers was held in Calcutta, which a large number of medical officers attended. As a result of its deliberations, the Government of India appointed an

Conference of Medical Research Workers.

expert Commission to enquire into the origin and progress of kala azar. The expenditure has been met partly from central revenues and from the Indian Research Fund, and partly from contributions made by the local Governments concerned. In other directions also, the conference proved of such value that a similar meeting was convened in October 1924. The deliberations proceeded along four principal lines. The first was the financial position of the Indian Research Fund Association, and the research programme for 1925-26. Next came discussions concerning the nature and causes of diseases requiring urgent investigation and the lines upon which investigation should be conducted. These topics led naturally to a consideration of the promotion and co-ordination of research in India, and particularly of the possibility of enlisting the co-operation of medical practitioners, both civil and military, who have opportunities for investigation. Finally, came the question of the application of the discoveries made by medical research workers to the benefit of the people of India. It is also worthy of note that His Excellency Lord Reading has recently headed a movement for the formation of an Indian Council of the British Empire

Leprosy

Leprosy Relief Association. It is proposed to carry on an earnest campaign against the disease in India, and as a first step to collect the fullest possible information regarding its incidence. Further, as a result of the proposals made by Dr Norman White in his report to the Health Committee of the League of Nations, the Government of India have accepted the proposal for the establishment of an Epidemiological Intelligence Bureau at Singapore. The School of Tropical Medicine

Epidemiological Intelligence Bureau

and Hygiene in Calcutta, which owes its inception to Sir Leonard Rogers, has continued its investigations into the principal tropical diseases encountered in India.

Closely connected with the question of sanitation, in which are involved many of the customs and habits springing from the social heritage of the Indian people, is the progress of social reform. The more character-

Social Reform.

unification of the control over the reserves. Under the Bill, it was proposed that the Indian Currency standard should between now and 1931 be a gold exchange standard. By this Bill the Reserve Bank would take over from the Government the position of currency authority and would also take over the undertaking to give gold exchange for legal tender in India and to accept legal tender in exchange for gold. But after 1931 there would be laid on the Reserve Bank, as currency authority, an absolute obligation to give gold in exchange for legal tender and to pay out legal tender for gold at prices fixed in relation to the parity of the rupee.

We can now turn from the gold bullion standard to the question of the Reserve Bank, whose importance for India it is difficult to exaggerate. Clearly the Reserve Bank would represent an enormous step forward in the development of India's financial and monetary machinery and would, as Sir Basil Blackett said when introducing the Bill, "assist that gradual silent revolution in India's economic life which promises to bring higher opportunities of life and higher standards of living to every one in the country." The Imperial Bank of India would be able to continue with greater freedom than at present its task of extending banking facilities all over India whilst the Reserve Bank would be able to take over from the Government of India many of the essentially banking functions which they at present perform. The Government's remittances

laid upon their right to participate in the educational machinery. It is encouraging to notice that the proportion of the depressed class pupils is everywhere rising, although their numbers are still infinitesimal as compared with the size of their community. But it is impossible adequately to solve the problem until the social sense of the Indian peoples advances to a level at which certain customs, inherited from a more primitive age, will be recognized as a slur upon the good name of the country. In which connection it is important to notice that the public conscience is gradually awakening to the

Awakening Interest

seriousness of the untouchability-question. Among living Indians Mr. Gandhi has done most to impress upon his fellow-countrymen the necessity for elevating the depressed classes. His influence has unquestionably served to arouse widespread interest in this problem. When he was at the height of his reputation, the more orthodox sections of opinion did not dare to challenge his schemes. Of late, however, there have been signs that certain schools of thought are prepared to dispute both the necessity and, indeed, the desirability of introducing any widespread reform of the caste system. This much at least is certain, if the problem of untouchability is to be solved, the solution must come not from Government but from the people themselves. Voluntary agencies are already active among the depressed classes. The educational work of the various Christian Missionary societies as well as of organizations other than Christian in their inspiration, is beyond all praise. Schools in large numbers for the education of depressed classes have been founded, and a body of public opinion is gradually arising which recognises that these unfortunates have a claim to be treated as fellow human beings. Already some impression is being created upon the stout wall of orthodox opinion. Last year, a body so representative of Hinduism as the Hindu Maha Sabha passed a resolution removing from the untouchables the ban in regard to schools, public wells, meeting places, and temples. More important still, there are slight but significant indications in

Class Consciousness

many parts of the country that class consciousness is slowly awakening among the untouchables. During the period under review a campaign of passive resistance was inaugurated, within the boundaries of an Indian State, to assert the right of the untouchables to enter some of the roads round the famous temple at Vykomb. Further, the more enlightened members of the depressed classes are beginning to organize

issue repayable at par on the 15th September, 1970, or at the option of Government on or after the 15th of September, 1960, at three months notice. The issue price was Rs 88 giving a yield of nearly 4½ per cent. Subscriptions to the loan were payable in cash, in 6 per cent Bonds 1926, 6 per cent Bonds 1927, or 5½ per cent War Bonds 1928. These Bonds were accepted at Rs 101 Rs 102-4-0, and Rs 106-8-0 respectively, per Rs 100 nominal as the equivalent of cash in subscription to the loan.

In the Loan Notification it was announced that the loan would open on the 7th June, 1926 but would be closed without notice to subscriptions in cash and in the form of 1926 Bonds as soon as the total subscriptions in these two forms amounted to approximately 25 crores, and, in any case, not later than the 26th June, 1926. The loan, however, remained open for subscription in the form of 6 per cent Bonds 1927 and 5½ per cent War Bonds 1928 without limit of amount up to the 26th June 1926.

Conditions were extremely favourable for the floatation of the loan. The public distrust of industrial issues brought about by the large losses incurred in industrial investments during the last three or four years still continued, and for some months there had been a growing demand for Government securities, while the supply of

co-ordination of the efforts of social workers all over the country. For the last few years, two separate social conferences of great importance have been held annually, the one under the auspices of the Liberal Federation, the other in connection with the Indian National Congress. The proceedings of both these bodies have much in common. The principal resolutions deal generally with the reform of the caste system and the removal of untouchability, the encouragement of social legislation, the reform of marriage laws, the education and elevation of women's status, the uplift of the aborigines, the extension of women's suffrage, the advocacy of temperance, and the abolition of the *parda* system. In each case, there is strong speaking upon the abuses inherent in the present organization of Hindu society. But while admirable resolutions can be adopted readily by meetings composed of ardent reformers, there is great difficulty in translating them into practice. It is however, encouraging to notice that the number of those who devote their lives to the inculcation of the new ideals, though still very small, is steadily increasing, that the public at large is beginning to support their activities with financial help, and that the acknowledged leaders of Hindu thought now admit that social reform is among the most vital of all the problems which India must solve.

In addition to the depressed classes, strictly so called, there exist certain communities known as criminal tribes, whose hereditary occupation is burglary, highway robbery, or even assassination. Towards the uplift of these unfortunates, who are a positive danger to the community as a whole, both State and voluntary effort has for long been directed. The tribes are concentrated into settlements managed either by Government or some such organization as the Salvation Army.

They are reclaimed, subjected to kind but firm supervision and assisted to gain a decent livelihood. Special efforts are made to teach skilled trades to boys and young men, to find them employment, and to reclaim them from the attractions of their hereditary pursuits. By a process of discipline and education, these tribes are gradually being won over to the side of civilization. And if the efforts now being directed to this end can be sufficiently augmented, it is possible that this particular problem may assume, before the lapse of very many years, an aspect distinctly more encouraging.

There are other specific characteristics of Indian life which are particularly repugnant to the social reformer. The seclusion of

This, however, did not mean that the Committee's recommendations were to be shelved. The budget for 1927-28 contained two proposals for changes in taxation based on the Report. These changes related to the abolition of the export duty on hides and the reduction of the import duty on motor cars and various motor accessories. The first of these proposals, it will be remembered, was rejected by the legislature, but the second was accepted.

This discussion of financial affairs during the year may be closed by a reference to the scheme for the separation of Accounts and Audit of which, a full account was given in last year's Report. The scheme is reported to have worked fairly well during the year, but its extension from the United Provinces to the other provinces in India does not appear as a step likely to be taken in the immediate future. Before this can happen, its success in the United Provinces will have to be fully established. Experience of the scheme in this province has shown that although it involves extra expenditure, this is counter-balanced to a considerable degree by the economies which result from the closer check on expenditure and from reductions in establishment charges.

observer as so unhappy, may discover in social reform a new interest to which they may devote their lives

In the preceding pages a brief outline has been given of some of the more characteristic difficulties which attend the social reformer in India. We have now to consider two

Drink and Drugs problems almost universal in their scope, the problem of drink and the problem of drugs. Drink, as visualised by Western reformers, is almost unknown in India, save in those few places where heavy concentrations of industrial labour occur. This fact is explained by the general reprobation in which indulgence in strong drink—as distinguished from indulgence in drugs is held among the Indian people. The *per capita* figure of consumption for drugs as well as for liquor is very low. The excise revenue per head, including what the State derives from both sources, varied in 1923-24 from 4 annas 6 pies in the United Provinces to Rs 2-5 in Bombay. Between these two extremes came 7 annas in Bengal, 8 annas in the Punjab, 13 annas in Assam, 14 annas in the Central Provinces, Re 1-3-6 in Madras, and Re 1-5 in Sind. During this period there was an appreciable decline in excise revenue in the United Provinces and in the Punjab. In the majority of cases, the local Governments are now taking drastic steps to decrease licit consumption, and since excise is a transferred subject everywhere, save in Assam, the opinion of the local Council has been brought upon the whole subject. The policy

The Problem of Drink formerly pursued by the Government of India has been frequently summed up as that of maximum revenue from minimum consumption. Every care was taken to minimise temptation for those who do not drink and to discourage excess among those who do. Government intervention operated to regulate both the quality and the quantity of the liquor consumed, the former by the prescription of a certain standard of strength, the latter by the levy of still-head fees which the consumer automatically paid. But with the transfer of excise to ministerial control, considerable departures from this policy have been made. In several instances, local Governments have now definitely accepted complete prohibition as their goal. The process is necessarily slow and difficult.

Towards Prohibition Sources of illicit supply are far more accessible in India than in any European country. In many places, liquor can be had from almost any palm tree, with no more apparatus than a knife and a toddy pot. Hence,

passed into British hands. But this concern was only remote and accidental. Until recently the people of India could not feel that they had any living interest in such matters since they had no voice in them and were not even in direct contact with them. Since the war, however, her improved international status, her growing economic stake in the world, and her representation in the Imperial Conferences have provided her with both the incentive and the need for taking a close interest in world politics and affairs. In particular the presence of large numbers of her nationals in various parts of the British Empire has forced her to take an interest in the domestic politics of the Dominions and Crown Colonies and in Imperial politics in general, especially when these are concerned with the Near East and Asia. Thus, as one of the members of the British Commonwealth, India has found her interest insensibly widened and attracted outwards until very few parts of the world are left in which she has no interests of any kind. In fact India's importance in international affairs is steadily growing and is already far from negligible. But, interesting as it would be to develop this theme, it is outside the scope of the present chapter.

Turning now from this wider topic, we see that India has her own external interests which are peculiar to herself and which fall broadly into two classes sharply distinguished from each other. There are first her relations with her immediate neighbours on her landward side, and secondly her guardianship of the interests of her people overseas, most of whom are living in some part or other of the British Empire. The problems raised by this second class, as already indicated, are ultimately problems of Imperial politics, whilst the former resolve themselves primarily into problems of defence. This latter dictum does not mean of course that India constantly apprehends danger from all her neighbours across her land frontiers. Such a notion is far from the truth as a brief descrip-

interests of economic production As stated in the preceding paragraph, the effect of reducing consumption is indirect rather than direct The increase of crime can therefore no more be attributed to it than to the raising of the still-head duty and the introduction of the auction system " An Excise Committee appointed by the Bombay Government has lately published a report which shows no weakening in the determination of reformers to extirpate the drink evil The report recommends the adoption of total prohibition as the declared goal, and this has been accepted by the local Government who state, nevertheless, that according to the latest information, crime has increased to an alarming degree, and the present Establishment is unable to cope with it The Excise Commissioner, in summarizing the administration of his Department in 1923-24, writes that his task grows more difficult year by year For this period, excise crime stood at the high figure of 4,576 cases as against 3 979 during the past year In the opinion of experienced officers, however, the number of cases detected represents an insignificant percentage of the excise crime which is going on He remarks, " The only true gauge of what is happening is the fall in the receipts from still-head duty The receipts from still-head duty fell during the year by Rs 12 lakhs This is due to the fall in the consumption of licit liquor This increase in crime, however, shows that more illicit liquor was consumed, but to what extent the one is replacing the other, it is not easy to say It cannot, however be controverted that illicit liquor is making headway against licit liquor, and the fact that, in spite of reduced consumption, the licensee can make a present to Government of an extra Rs 19 lakhs over last year's license and vend fees, leads to more than a suspicion that he is becoming the ally of the illicit distiller " He concludes by stating that while an increasing revenue and decreasing consumption are satisfactory results of the year's working, the growth of illicit distillation, illicit importation, and the transition to hemp drugs and denatured spirits are very alarming aspects of the situation He considers illicit distillation to be the worst of these features, and believes that the evil must perforce grow rapidly, unless Government is prepared to strengthen the excise staff In other localities, the situation seems no more reassuring The policy of most local Governments is either avowedly or practically prohibitionist in response to the pressure of temperance enthusiasts But this policy seems in many provinces to have been carried to



KHYBER PASS LOOKING TOWARDS PESHAWAR

production, transit and sale of the drug throughout the country. This has been done by concentrating cultivation, so far as British India is concerned, within limited areas, by the discontinuance of cultivation in many Indian States as the outcome of bargaining, and by a perfect system of licensing and control of shops. The success of this policy is proved by the results. In 1893, when the Royal Commission on Opium conducted its enquiries, the average consumption per head, per annum, was 27 grains, while in recent years it has been about 18 grains. The figure for 1923-24 was 17.2 grains. Even in 1893 there was very little abuse of opium eating. The Royal Commission found "no evidence of any extensive moral or physical degradation from its use." The reduced figures of consumption in recent years suggest that there must now be very little abuse indeed in connection with opium. Enhanced prices and restricted supply, together with a welcome, though slow, trend of public opinion, are resulting in a decreasing use of opium for ceremonial hospitality or for personal indulgence, and are thus tending to restrict the consumption of the drug to purposes either medicinal or *quasi*-medicinal. The figures of every province will show to what extent the policy

Its Success

of Government has been justified. Between

1910-11 and 1923-24 the consumption has

fallen in Madras from 1,178 maunds to 878 maunds, in Bombay from 1,436 maunds to 819 maunds, in Bengal from 1,626 maunds to 998 maunds, in Burma from 1,306 maunds to 772 maunds, in Bihar and Orissa from 882 maunds to 654 maunds, in the United Provinces from 1,545 maunds to 603 maunds, in the Punjab from 1,584 maunds to 834 maunds, in the Central Provinces from 1,307 maunds to 761 maunds, in Assam from 1,511 maunds to 911 maunds. Only in the North-West Frontier Province and in Ajmer-Merwara is there a slight increase from 69 maunds to 72 maunds

and from 69 maunds to 71 maunds respectively.

Decreased Consumption and increased Revenue

In 1910-11 the consumption for the whole of India was 12,530 maunds, in

1923-24 it was 7,406 maunds. At the same time the revenue derived from opium in the various provinces of India owing to the enhanced price at which the drug is sold, has risen from Rs. 1.63 crores in 1910-11 to Rs. 2.66 crores in 1923-24. In deference, however, to the opinion expressed in certain quarters, the Government of India has asked the local Governments to consider three aspects of the opium question: the high consumption in

into British hands with the conquest of the Punjab in 1849, the threat of an invasion by Napoleon Bonaparte and the ambitious schemes of the Emperor Paul of Russia had caused the British to look anxiously to the North-West and begin their North-West Frontier policy untimely with embassies to Persia and Afghanistan. Malcolm and Elphinstone were the forerunners of a long line of distinguished "politicals" who for the past three or four generations have been both the instruments and the makers of British policy on the North-West Frontier. The ill-starred military adventure known as the first Afghan War was the first overt move in the long duel between Great Britain and Russia in Asia. Conducted for the most part by diplomats, the duel led to no armed clash between the two principals although in 1885, following the incident at Penjdeh, war between Great Britain and Russia seemed inevitable. This, however, proved to be the last of the really dangerous war scares between the two countries, and with the Anglo-Russian Agreement of 1907 a period of less troubled relations began and continued to the downfall of the old Russian Empire in 1917. Since the change of the regime in Russia causes for anxiety in this quarter, though of a different character from those of forty years ago, have been renewed. The North-West Frontier is still the solar plexus of the British power in Asia and the military problem of the frontier is rightly described as the frontier problem *par excellence* in

Rigorous Control endeavouring to supply opium direct to the Governments of consuming countries As a result of steady perseverance, India now sells, roughly, three-fourths of her total export of opium direct to responsible Governments And as regards the balance, the control of the importing Governments remains absolutely unimpaired

Policy of Government The Government of India, so far from pressing their opium on any country, do not allow opium to leave the ports until the Government of the territory to which the consignment is going certifies that the opium so to be exported is required for legitimate purposes India indeed exports no opium to any country which prohibits imports, she exports no opium in excess of quantities which the Government of the consuming country desires to admit, and she has in cases voluntarily placed limits on exports from India, irrespective of what the particular demands may be She does not now, nor has she at any time, exported dangerous drugs such as morphia, heroin, cocaine and the like, to America, as she has not infrequently been accused of doing Further, India has loyally and faithfully carried out the provisions of the Hague Convention, in which particular her conduct might well serve as an example to other countries interested in the opium traffic Speaking in the Legislative Assembly in March 1925, the Finance Member explained the policy which the Government of India were carrying through He pointed out that between 1913 and 1923, the total number of chests exported from India had fallen from 15,760 to 8,544 The exports to China had fallen from 4,612 chests to zero, those to Singapore from 2,367 chests to 2,100, to Hongkong from 1,120 to 240, to Penang from 200 to nil, to Colombo from 150 to 30, to Batavia from 3,535 to 900 Only in the case

Exports decline of two destinations was there a noteworthy rise The chests exported to Bangkok had risen from 1,350 in 1913 to 1,600 in 1923, and those to Saigon had risen from 450 in 1913 to 2,975 in 1923 The Finance Member proceeded to explain the manner in which the Government of India were carrying out their agreement under the Convention He continued—

“ In regard to the exports, they are carrying out their agreement under the Convention to the full They have in one or two cases gone beyond it In the case of Macao, where they were convinced that the amount imported under license was more than the colony

The Finance Member's Statement

tribes have historical connections with Afghanistan and in some places are bound to the neighbouring tribes of Afghanistan by ties of blood. The importance, therefore, of our relations with Afghanistan to the state of the North-Western trans-frontier, is obvious.

It is possible to distinguish two different parts of the trans-border which present two somewhat dissimilar sets of conditions. One part is the territory which stretches from north of the Kabul River to Waziristan, whilst the second is Waziristan itself. The relations between the Indian Government and the tribes inhabiting the first of the above divisions have in recent years been satisfactory on the whole. North of the Kabul River are great chiefs like the Mehtar of Chitral, the Nawab of Dir, and the Mian Gul of Swat. These may fight among themselves, but they all desire friendly relations with India. Trade between this section of the trans-border and India is active and the Swat River canal finds employment for many hardy spirits who would otherwise make a living by committing crime inside British India. South of the lands of these great chiefs are the Mohmands, Afridis, and Orakzais, all of whom have far too many connections with India to fight except on any but the most serious grounds. Waziristan, however, presents a very different face. Its people are fanatical and intractable to a degree, and have come less under British influence than any other of the great transborder tribes. The Indian Government have conducted seventeen active operations against them since 1852, and four since 1911, the latest of which provided the most desperate and costly fighting in all the history of the North-West Frontier. Also as one goes from north to south of Tribal Territory, one finds that the constitution of tribal society grows steadily more democratic until it reaches the extreme in Mahsud country where until the last few years a state of chaotic license prevailed in which every man was a law to himself and a well-aimed bullet was more effective than any consideration of right and justice.

From the Sikhs, the British inherited only a haphazard unscientific, and ill-defined frontier line. They took over no policy or system of understandings or agreements, and for a whole generation the Indian Government limited its frontier policy to abstention from interference in the troubled affairs across the administrative border tempered by fleeting punitive expeditions against individual tribes when necessary. But the advance of Russia in Central Asia

It seems plain on reflection that many of the problems discussed in the preceding pages of this chapter have one single root. This is the general lack of education at present characterising the masses of the Indian people. Until this defect can be remedied, it seems unlikely that India will develop the energy necessary for the attainment of economic and political well-being. Unless the ideas of the people can be enlarged, and their outlook extended beyond the narrow bounds into which tradition at present confines them, the masses must remain poor and ignorant, the women-folk limited in their sphere of activity, the progress of sanitation, and the conquest of disease must be indefinitely postponed. In short, without a widespread system of education of a kind adapted at once to her capacity and to her need, India cannot hope to realise those aspirations towards nationhood which are at present cherished by her educated classes.

Much remains to be done before the instructional machine can be placed upon a broad and substantial basis. A study of the diagram opposite to this page will show that out of 247 million inhabitants of British India, only some 9·3 millions are at present being educated. In other words, under 4 per cent of this vast population is pursuing any course of instruction. In the primary schools, which must constitute the foundation of any solid educational structure, scarcely 3 per cent of the population is enrolled. Obviously, therefore, illiteracy is general. According to the census of 1921, the number of literates in India was 22·6 millions, a figure which included 19·8 million males and 2·8 million females. In other words, only 122 per mille of Indian men, and 18 per mille of Indian women, can read and write. These figures, unsatisfactory though they are, reveal a slight improvement upon the results of the census of 1911, when the respective proportions were 106 per mille for men, and 10 for women. It would be reasonable to suppose that the fundamental weakness of the educational structure would be apparent in all its branches. This, however, is not the case. The position in regard to secondary education is remarkable. No less than 0·6 per cent of the total population is under instruction in secondary schools. Since the women can almost be excluded from the calculation, this is a proportion far greater than the corresponding figure for England and Wales. Even more striking are the figures for

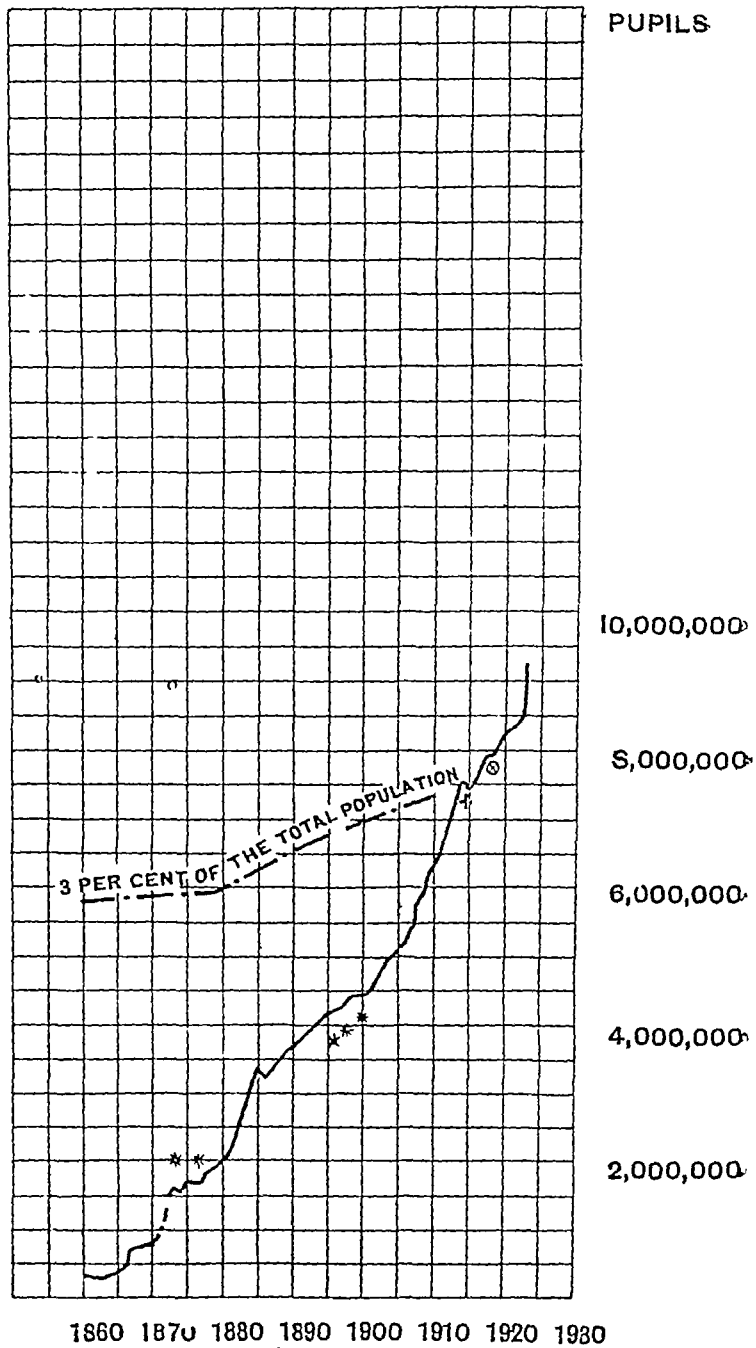
sent along the whole frontier a wave of unrest which broke in Waziristan in the bitterest and most determined fighting which the Government of India have ever had to undertake on the North-West Frontier. When peace was restored once more it was realised that the time had come to try to settle the "political" part of the Frontier problem once and for all, and that the attempt should begin in the old frontier storm-centre Waziristan.

The new policy is essentially positive and constructive in character. It is a forward policy in the very best meaning of the word, for it is not a policy of military conquest but of civilisation. Its central features are the opening of Waziristan to civilising influences and giving to the tribes a stake in the administration of law and order. Since 1920 fine highroads have been driven through the hills of Waziristan linking the transborder posts with military posts in the rear, and tribal levies or Khassadars, finding their own rifles and ammunition, have been enrolled to police the country. Thus the spirit of self-government among the tribes of Waziristan and their sense of responsibility will be kept alive, whilst British influence and economic forces will work steadily to destroy the causes which for centuries have kept these virile people as murderers and robbers. We shall see shortly what measure of success has already attended this policy, but first we may glance quickly at the existing system of border defence in order to complete this part of our survey of frontier policy.

DIAGRAM No. 22.

Total number of pupils under instruction in India.

Famine	*
Commencement of Plague	*
Influenza	⊗
Native States omitted	+



The position with regard to the strength, organisation, etc., of all Civil Armed Forces in the Province came under the examination of a Committee specially appointed for the purpose. The Committee submitted their report in June 1926 and it is under consideration.

The history of the North-West Frontier during the year under review has been one of almost absolute peace, a very welcome and striking contrast with the state of affairs a few years ago when tribal raids into the settled districts of the Frontier Province were things of almost daily occurrence and when there was constant fighting between the regulars, militias, constabulary and police, and hostile tribal forces. The present condition of Waziristan is a very powerful tribute to the beneficent and effective character of the policy described above. The new roads are being more and more widely used for ordinary traffic, and, what is almost incredible to those who knew Waziristan only a few years ago, taxis and other traffic can now go unprotected along the roads in Waziristan. In short the working of economic forces which was contemplated by the new policy is in operation and is producing results. On the whole, relations with the tribes in Waziristan were extremely satisfactory during the year. Political officers have moved about the country freely and have visited its remoter parts such as Wana at the head of the Gomal Valley where before the Afghan War of 1919 the headquarters of the Southern Waziristan militia were located. The economic development of the country is receiving attention, schools have been opened, and arrangements for the conservation of forests in the vicinity of Razmak are in hand. In last year's report it was said that the history of Waziristan since 1921 is a record of an important movement in human progress and it cannot be denied that the year under review has seen that movement continued and advanced.

Elsewhere on the frontier, as far as the Indian Government is concerned, the same peace prevailed as in Waziristan. In the Khyber there has been a certain amount of unrest among the Zekka Khel Afridis who have recently made two raids into Afghanistan. British territory however remained immune from raids throughout the year and there is no reason to doubt that the Khyber Railway, the opening of which was chronicled last year, will play the same

are under instruction for between 3 and 4 years only, and for the greater portion of that time, four out of five linger in the lowest class. In consequence, there is a tendency to forget all that they have learned after the short period of schooling comes to a close.

On any general survey of the existing educational position, it is clear that the first and most vital task is an attack upon the illiteracy of the masses. But this problem is complicated by factors peculiar to India, some of which have been briefly remarked upon already. Among them may be included the poverty of the people, the inadequate condition of communications, the persistence of certain traditional ideals tending to confine education to hereditary literate castes, the conflict of communal interests and the chasm between rural and urban life. These factors have, broadly speaking, operated to prevent the growth of a desire for education among the people at large.

Illiteracy of the Masses

Another serious difficulty is constituted by finance. As will be seen from the diagram on the opposite page, the total expenditure on education in India in 1923-24 was Rs 19.9 crores. This sum, while representing a fraction of the public resources of the country, which compares not unfavourably with the proportions devoted by other nations to the same purpose, is quite inadequate for the calls made upon it. Moreover, the difficulties of laying it out to the best advantage are enhanced by certain peculiarities of Indian life. For example, no Western country has found it possible to carry through a mass programme of popular education without the employment of a large proportion of women teachers. But in India, for reasons noticed elsewhere, the assistance of women is not usually available. Equally serious are the handicaps to which the village school is exposed. The social conditions of the country discourage men of trained intellect from returning to the mofussil and from influencing the masses in the direction of education. It is difficult to imagine how the rural education of the West would have proceeded had it not been for the help of the parson, the doctor and the squire. But the religious organizations of India do not offer to educated men the same opportunities of social work and influence as fall to clergymen of the West, nor is there the same scope for the Indian medical graduate in the village as exists for a practitioner in the English countryside. The rural masses still prefer the Unani and Ayurvedic systems of medicine, whose exponents are

Obstacles to Improvement.

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HIS EXCELLENCY LORD IRWIN RECEIVING A MAHSUD JIRGA AT RAZMAK

which in its most aggravated form, men servants (Ghulams) and maid servants (Kaniz) were the absolute property of their masters, who could part wife from husband, and children from parents. Indeed, short of the actual taking of life, the master's powers over his Ghulam or Kaniz were absolute. There were, however, no corresponding obligations on the part of the masters, who were not obliged to feed or clothe their slaves, and could even cast them out into the world to earn their own living, without in any way relinquishing their rights to resume absolute power over them at any time.

From time to time it was found possible to mitigate the rigour of this system, and by 1914 its worst features had been abolished in the part of Kalat known as Makran. In the wild tract known as Jhalawan however, progress was slower and more difficult. But the Baluchistan Administration consistently worked for total abolition and succeeded in 1925 in awakening the active interest of His Highness the Khan in the movement. His Highness then gave the Agent to the Governor General an invitation to assist in putting an end to all forms of slavery in his State, and thus supported, His Highness has at length been able to overcome the opposition of his more backward tribal Sirdars. On the 4th November 1926 His Highness signed a decree declaring that from that date the existence of private property in slaves had ceased to exist in Kalat.

There has never been any question of compensating owners for the freeing of their slaves. Such slaves—and these are the majority—as are content with their lot will remain with their masters, receiving as wages what they formerly received as maintenance. Of those who are not content, the men will be able to leave openly instead of having to abscond as they used to do, and many absconders now living in Sind will be able to return to their homes without fear of molestation. As for the women, the new decree prohibits the abuses under which they suffered. No *Kaniz* is now liable to be bought or sold, gifted or inherited, nor will the owner of a *Kaniz* be permitted to sell her away from her parents under the guise of marriage. The masters merely lose their prospective profits from the sale of women, and for this no compensation is required.

local self-government, we have noticed the general reluctance on the part of municipalities and district boards to apply coercive measures even to such a vital matter as the collection of their own rates. It is, therefore not surprising to discover that for some time they have displayed an even greater timidity in employing compulsion in the sphere of education. Fortunately, there are symptoms that this timidity is disappearing. Compulsion is now enforced within certain areas in every province. Where the idea is novel, it is taken up with enthusiasm. In the Punjab, for example, compulsion has been accepted by 23 Municipalities and 218 District Board Areas. But general experience tends to show that the introduction of the compulsory system is handicapped, first, by financial stringency, and secondly, by the prejudice, natural to a statically organised society, against applying it to all classes of the population. Fortunately, the Ministries of Education are now occupied in investigating the best means of translating compulsory primary education from theory into practice. In Bombay, for example, the comparatively unsatisfactory results of the earlier Compulsory Education Act have led to a recognition that the initiative in the matter of compulsion can most easily come from Government. As a rule, it is being found that the best results are obtained by introducing compulsion only in those places, such as municipal areas, where there is a strong sentiment in its favour, and then co-operating in the utmost possible degree with the efforts of the local authorities in making the new system a success. The

Its Utility

utility of the compulsory principle to India at present consists in two things. In the first place, it enables the authorities to keep pupils under instruction until they have made real progress, and in the second place, it leads to economy by concentrating the pupils into suitable centres. The former consideration has long been present to the mind of Indian educationists, and the unfortunate effects produced by stagnation in the lowest classes were pointed out many years ago. Even now, conditions are but little improved, for the Punjab Government lately noted "Past experience has revealed many distressing facts. Very many pupils do not proceed beyond the first class. It is obvious that a considerable proportion of these boys derive but little benefit from their schooling. If the real test of educational progress is the reduction of illiteracy, then the largest increase in enrolment can only be regarded as contributing towards that progress when the

Readers of last year's report will remember the seizure of the Island of Urtā-Tagai, an Afghan island in the Oxus River, by Soviet troops and the peaceful decision of the dispute which ensued by a mixed commission. During the year under review a treaty of neutrality and non-aggression was concluded between the Afghan and Soviet Governments. It was signed at Paghman on August 31st 1926 but up to the end of March 1927 its ratification had not been announced.

A German-Afghan treaty arranging for diplomatic relations and mutual friendship between the two countries was signed at Berlin on the 3rd March 1926 and ratified by both Governments at Paghman on September 15th.

Relations between India and Persia remained cordial throughout the year. A message of congratulation was sent by the Government of India to His Imperial Majesty Riza Shah Pahlvi on the occasion of his coronation in April 1926. His Imperial Majesty replied expressing his sincere thanks and high appreciation to His Excellency the Viceroy and the Government of India. No developments of any great importance took place in the Persian Gulf, but on the 4th August 1926 a Muscat Baluch sepoy of the Bahrain Levy Corps ran amock killing the Indian officer (a Subedar) and also a Havildar. He also wounded Major Daly, the Political Agent, though it would seem that he intended the shot for the Subedar whom he subsequently killed, as the latter was standing near Major Daly's table at the time. The murderer was tried and shot. As a result of the enquiry into this incident it has been decided to recruit the Levy Corps (police) from India. The Gulf Baluchis of whom it was previously composed have been discharged.

The relations between India and Tibet continue to be most friendly. It is difficult to gauge what advance modern civilisation is making in Tibet for although the Dalai Lama's palace in Lhasa is now lighted by electricity there remains a strong prejudice against modern innovations. The Tibetan Government have decided to close the school which they opened at Gyantse in 1923 for the education of the sons of Tibetan officials under the headmastership of a graduate of an English University, but it may be hoped that their decision is only temporary. During the year some Tibetan officers received artillery training in India.

more to the municipalities and the district boards, to whom the Education Departments act rather as technical advisers than as supervising agencies. As a result of this development, despite the reluctance on the part of local bodies to tax themselves, many district boards and municipalities all over the country are at present levying cesses to the maximum leviable figure with the object of assisting the institutions now made over to them. As a whole, despite the difficulties arising from inexperience, the impression gathered from a perusal of the Provincial Reports is that in many areas, and with some conspicuous exceptions, the local authorities are discharging their functions earnestly and conscientiously. Their relations with the Education Departments seem generally good, but in the earlier stages of the decentralisation experiment, the change has in some localities produced a certain friction, which is unlikely to subside until greater experience shall bring greater wisdom. The stimulus to popular enthusiasm in educational matters

Secondary Education which has accompanied their transfer to Ministerial control is by no means confined to the primary stages. There has been of late an increasing realisation among the Provincial authorities that secondary and university education in India, although quantitatively more satisfactory than primary education, possesses qualitatively very serious defects. Secondary education, in particular, is in many parts of India of poor standard and badly regulated. In consequence, the major portion of those boys who pass through the full secondary course enter the world with little preparation for citizenship. The merits and demerits of good and bad high schools, it has been said, vary in degree but not in kind. The methods of instruction, the aims which inspire the work of the

Defects staff, the daily routine, the principles of study, and the ambitions of the scholars, seem to differ very little throughout the country. The demands for secondary education seem inexhaustible, and efforts at improvement are liable to be swallowed up in an overwhelming supply of cheap and bad institutions. The proprietors of private schools are able to manage their academies at the lowest possible limits of efficiency; and since the most necessary ingredients of education as generally understood, namely, social life, and good physical conditions, are not demanded, they are not forthcoming. It is now generally admitted that secondary education needs to be radically remodelled in order to bring it more closely into contact with the needs and

On the 14th January the last part of the expedition for the liberation of the slaves left for the Triangle. The number of slaves in the Triangle is believed to be not less than 5,000 persons, and the cost of emancipation alone is estimated at Rs 3,00,000.

There is little to report concerning the relations during the year between the Government of India and the Indian States. These were uniformly cordial although in the late summer of 1926 negotiations between the Government of India and His Exalted Highness the Nizam of Hyderabad concerning the introduction of certain reforms in the administration of the State were magnified by sensation-hunting newspapers into an attempt on the part of Government at unwarranted interference in the internal affairs of Hyderabad.

The only surviving son of Her Highness the Begum of Bhopal, was, on the strength of certain precedents, recognised as her heir in preference to the son of her deceased eldest son. Her Highness the Begum then voluntarily abdicated in favour of her son. The *Kharita* intimating His Majesty the King Emperor's recognition of the succession was delivered by the Agent to the Governor General in Central India at a Durbar in Bhopal on the 9th July 1926.

The record of the year in the first of the two sections into which we divided Indian external affairs is thus seen to be almost wholly satisfactory. The record in the other half, that which is concerned with affairs of Indians overseas, is equally satisfactory since it includes the latest agreement reached with the Government of South Africa as well as certain developments in the position of Indians in Australia. But before he turns to the events of the year the reader may find it useful to recall the outstanding features of Indian emigration overseas.

There are at present about $1\frac{1}{2}$ million Indians settled in the Empire outside India and it is well known that Indian emigration has been broadly of two kinds. The first was that of unskilled labourers either under indenture, as to Fiji, Mauritius, Natal and the West Indies, or under some special system of recruitment, such as was adopted for emigration to Ceylon and Malaya. The second is the spontaneous emigration of persons belonging to the professional, commercial and artisan classes. The second has naturally followed the first, but it has also extended to places where there

continued to recognise or to refuse to recognise schools without being able to give the matter adequate attention or discussion, since each school's case came up as one item among anything from one to two hundred items of business. This is written in full recognition of the devotion with which the members of the Syndicate laboured at their impossible task. Meantime, in the greater number of the thousand high schools of Bengal, teachers worked on starvation wages without hope, prospects, or status, money which ideally should be given back to the schools by the body which controls them in an attempt to make them better, being lavished on the building-up of an agency for advanced teaching and research, an agency which, valuable as it is to Bengal, cannot but be considered, as regards some of its developments, as dearly bought at the price of a moribund or anæmic school system. The hopeless condition of the private schools caused the proposal of the Retrenchment Committee to deprovincialise high schools to be strongly supported by the vast bulk of the private teachers of the province." Fortunately, however, the views expressed by the majority of local Governments are far less pessimistic. Revised methods of inspection, increased pay of the staff, the encouragement of manual training, of physical development and of the boy scout movement—all these are features broadly typical of the new *régime* in most parts of India.

The general control of the university system, with the exception of certain all-India sectarian institutions and the Delhi University,

The University System falls within the province of the local Governments. The Government of India, however, under the reformed constitution, still retain certain functions in connection with university matters, particularly in the sphere of legislation. Of late, university education has undergone a striking change as a result of the lead supplied by the recommendations of the Calcutta University Commission. Up to some four years ago, the typical Indian university consisted of scattered colleges, one often separated from the other by many miles. With inadequate staff and inconsiderable equipment, these colleges, in the majority of cases attempted to convey instruction far more elaborate than lay within their competence, while the university itself pursued a phantom existence as an examining body. In substitution for this system, the Calcutta University Commission recommended the creation of centralised unitary universities, residential and teaching

ciate this fact dispassionately, and their imitation at the grievances of their fellow-countrymen in the Empire is apt to be expressed against Great Britain and the Indian Government. More particularly is this so when grievances arise among Indian settlers in the Crown Colonies whose governments occupy a different position from those of the Dominions *vis-a-vis* His Majesty's Government. The importance to the whole Empire of the problems which have arisen in connection with Indian Emigration has received recognition in successive Imperial Conferences from that of 1921 onwards, and a hasty Survey of the recent history of Indian emigration affairs as far they concern other parts of the Empire will help towards an appreciation of their present state.

The denial of their right to the franchise, and the conditions under which they are allowed to immigrate and obtain and retain domicile, and, in certain parts of Africa, their right to hold land, to enjoy trading facilities, and to escape from compulsory segregation have been some of the principal grievances of Indian settlers in other parts of the Empire. As far as the self-governing Dominions are concerned, the Reciprocity Resolution passed at the Imperial War Conference of 1918 affirmed the right of each community of the British Commonwealth to control by immigration restrictions the composition of its own population, and this position has been accepted by reasonable Indian opinion, although it is not prepared to accept the policy of exclusion from these territories which have not yet attained Dominion status. Apart from the conditions of actual immigration, Indian opinion has of late protested against certain disabilities such as inadequate representation upon Legislative bodies, exclusion from the Municipal franchise based upon a common electoral roll, and the non-payment to Indians of a minimum wage proportionate to the cost of living, to all of which Indian settlers have for long been subjected in some part or other of the British Commonwealth. The delegates to the Imperial Conference of 1921 agreed, South Africa dissenting, to a resolution which admitted in principle the claim of Indians settled in other parts of the Empire to equality of citizenship and the important suggestion that India should negotiate direct with South Africa in regard to the existing position, was also registered. Subsequent to the Conference, the Right Honourable V. S. Srinivasa Sastri visited Canada, New Zealand, and Australia in order to consult with these Governments as to the method of putting the resolution into effect.

largely upon the extent to which the new intermediate colleges succeed. These institutions may well relieve the universities of elementary work and permit them to undertake the higher activities which strictly belong to them. But it is to be noticed that the intermediate colleges have still to make their way, and in certain provinces there are signs of a tendency to re-impose university

Future Prospects control over instruction of the intermediate stage, owing to the prejudice against any lengthening of the degree course. We should further remark, in connection with the future prospects of higher education in India, that the multiplication of universities is not without its dangers. Already in Northern India, where new institutions are springing up with remarkable rapidity, there are signs of competition for undergraduates. Since the motive for this competition is very largely

Ominous Tendencies financial, it is likely to be attended, if suffered to persist, with undesirable consequences in the direction of lowered standards. The United Provinces Government remarked in July, 1924, "There is reason to fear that the establishment of self-governing universities is tending to lower the standard of higher education. Under the stress of financial pressure, the universities have begun to compete for students and the easier they make the courses and examinations, the more likely they are to be successful." Fortunately during the period under review, an encouraging development has occurred in the Indian university system which may contribute much to obviate this and other dangers caused by the rapid increase of autonomous institutions. The need for co-operation among the different Indian universities has for some time been pointed out from authoritative quarters, for it is only by means of such co-operation that the universities can regulate themselves, adjust their standards, and increase the prestige of university education throughout the country. In May, 1924, the Government of India summoned a Universities

A Possible Solution Conference at Simla and invited all the Indian universities to send representatives to it. The response was spontaneous, and the results satisfactory. The importance attached by Government to the movement may be judged from the fact that Lord Reading himself delivered an inaugural address. The University representatives displayed a developed sense of responsibility and a full appreciation of the fact that since government control was now virtually non-

Colonial Legislative Council, their consequent political helplessness, despite their very large stake in the economic life of the Kenya Colony, and the threat to their interests through proposals restricting immigration. Deputations both from the Kenya Europeans and Indians, and from the Indian Legislature, waited upon the Colonial Office, and towards the end of July, 1923, His Majesty's Government announced their general policy towards the country.

At the Imperial Conference of 1923, Sir Tej Bahadur Sapru pleaded powerfully for an examination of the position of Indians in the Dominions and Colonies by a Committee to be appointed by the Government of India. The Secretary of State for the Colonies, on behalf of His Majesty's Government, cordially accepted the suggestion, and accordingly a Committee was formed which assembled in London early in April, 1924. The results of the representations made by this Committee on the subject of Kenya was announced by Mr J. H. Thomas in the House of Commons on August 7th, 1924. On the question of franchise and of the Highlands there was no change in the position, but as regards immigration, the Secretary of State for the Colonies decided that an Ordinance which had been framed on the lines of restricted immigration should not be enacted, though he reserved to himself the right to enact the Ordinance at any time should native African interests appear to be threatened by the influx of immigrants from abroad. As regards Indian Colonization, Mr Thomas announced that it was proposed to set apart an area in the lowlands for agricultural emigrants from India, but before the scheme took final shape, an officer with experience of the needs of the Indian settlers and agricultural knowledge should be sent to report on the areas to be offered for colonization. The Government of India, however, thought it inadvisable to proceed any further with this idea. The work of the Colonies Committee did much to abate the bitterness which existed in the relations between the different classes of settlers in Kenya, and the situation was further improved by the decision of the Indian community to relinquish their attitude of non-co-operation and to select five members for nomination by the Governor to the Legislative Council. This, roughly, was the position in Kenya at the end of March, 1926.

Turning now to a brief account of recent affairs in South Africa, we may note the following as the salient points.

In 1919, the Union Government appointed a Commission to enquire into the whole question of Asiatics trading and holding land

in many directions has not been proportionate to the enthusiasm displayed by those in charge of educational strategy. It would be a mistake, however, to suppose that financial stringency

Resulting Economies has operated in a direction entirely sinister. It had led to a minute investigation into the existing resources with a view to their more effective utilisation. It has led to the general overhauling of the educational machinery, to the more advantageous employment of the available officers, and to the concentration of educational effort upon certain limited tasks possible of accomplishment. Certain provinces have been able to show very striking results from this policy. For example in the Punjab between 1921-23 the percentage increase in expenditure on primary schools was only one-quarter of the percentage increase in the number of scholars. Further, in the secondary schools, while the number of pupils increased by 15.3 per cent, the budget for secondary education was enhanced by 8 per cent only.

The troubled political situation has offered a further obstacle to immediate educational expansion. As was pointed out in previous

Troubled Political Atmosphere statements, the non-co-operation campaign included in its programme a concerted attack upon the whole educational structure, and the creation of a parallel machinery of "national" instruction. The actual results varied from province to province, but in general it was responsible for a decline in the number of pupils under instruction in Government schools, and for a serious depression of educational finance. Student discipline was gravely affected, leading to serious offences against school and college regulations. Unfortunately, the debit items were not offset by any satisfactory entries on the credit side. The educational authorities throughout the country would certainly have welcomed the inauguration of the

The Experiment of "National Education" experiment of "national education." But before long it was clear that such distinctive features as the new schools showed were unworthy of imitation. There was little evidence that the vernacular was more extensively used in the "national" schools than in the recognized institutions, while the curriculum differed very little from that prescribed by the Education Department. It has been stated that the teachers "were all products of the recognised system and were only qualified to teach what they had learned. Too often they were not qualified even to do this, and

parts, the advance is less marked, but is nonetheless of a substantial character almost everywhere. In the light of the educational requirements of India, this progress must be counted insufficient, but it represents only the first fruits of the process of re-organization, the full effects of which have been delayed both by financial stringency and by political unrest.

A perusal of the reports of the Departments of Public Instruction of the various Indian provinces, while it produces an impression of vitality and of general optimism for the future, reveals a marked divergence in the lines of development now being simultaneously undertaken in the various parts of the country. It is, of course, inevitable that each province should develop its own educational policy, for provincial conditions differ widely. But there are certain matters in which local or provincial variation may affect adversely the general progress of education. We have already noticed the complaint that the multiplication of universities is beginning to lead, under the pressure of competition, to the lowering of standards in certain institutions. Again, while it is natural that a province should recruit its officers from among its own population, the extension of this principle to academic appointments is likely to result in a certain deterioration. It is, therefore, much to be regretted that on account of financial stringency, the Central Advisory Board of Education, which was the only body competent to collate, for the benefit of the provinces, the educational experience derived from the whole of India, has been abolished. It is perfectly true that education has now passed under the control of the Provincial Governments, but, for this very reason, some machinery is required through which the Central Administration may mitigate provincial particularism by encouraging conferences between provincial authorities, by pooling experience and by keeping steadily before the eyes of the people the national as opposed to provincial aspects of education. We have already noticed, as a healthy development the proposal for the creation of an Inter-University Board. But university education is after all but a single branch of the whole problem. Unless the principle of co-operation can be more widely extended, extreme provincialism in public institutions may well result in accentuating rather than in obliterating racial, linguistic, and provincial lines of cleavage, to the postponement rather than the acceleration of a united Indian nationality.

ible authorities in these states to place their Indian nationals on a footing of complete equality with other classes of His Majesty's Subjects

Earlier in this chapter we reviewed the position of Indians in East Africa which in last year's report was described as quiescent, but in November, 1926, information reached the Government of India that the Government of Kenya contemplated undertaking legislation at an early date in order to make the European and Indian communities responsible for the net cost of their education. It was originally intended to give effect to this decision by levying from Europeans a tax on domestic servants in their employ and from Indian a poll-tax. The Indian community resented this differentiation and, ultimately, the Colonial Government decided that both communities should pay the same form of tax, *viz*, an adult poll-tax. For Europeans this has been fixed at 30 shillings and for Indians at 20 shillings. An Ordinance giving effect to this decision was passed by the Kenya Legislative Council and came into force from 1st January, 1927. But for the excitement over this episode, events seem to have moved smoothly in the colony and there is no indication that the process of racial appeasement which started a couple of years ago is likely to be interrupted.

From Tanganyika there is little to report for the year under review. The East African Commission, of which the Hon'ble W. Ormsby-Gore, M P, was Chairman, recommended in their report that a Legislative Council should be established for the territory. A Legislative Council was accordingly created for Tanganyika in March, 1926. Of the seven un-official members of this body two will be Indians.

The question of the fixation of a standard minimum wage for Indian estate labourers in Ceylon and Malaya has been under consideration ever since emigration of Indian labour to these colonies was declared lawful in 1923 under the provisions of the Indian Emigration Act, 1922. So far as Ceylon is concerned, full agreement has now been reached between the Government of India and the Government of Ceylon and the latter have prepared draft Legislation to give effect to the terms of the settlement. The necessary ordinances are now before the Ceylon Legislative Council. The details of the settlement will be found in the Government of India's communique, dated the 29th September, 1926, a copy of which will be found reproduced as an appendix. As regards

to the education of girls. Certain communities, it is true, whose social practices are generally enlightened, have from time immemorial insisted upon female education, but the immense preponderance of opinion in India still declines to be convinced of its necessity. So long as there is no genuine demand for the education of women, progress in this direction is hampered by serious obstacles. The *parda* system, the inadequate supply of women teachers, the difficulty of devising courses of instruction, these and many other problems are likely to remain almost insoluble unless they are swept aside by a great wave of enthusiasm—which is dependent upon a change in the whole public attitude of India towards women-kind. It must not be imagined, however, that female education is being neglected by the authorities. In almost every province, the number of girls under instruction is steadily increasing. High schools and colleges are being multiplied, and energetic propaganda work is being undertaken. It is the magnitude of the problem, rather than the lack of effort, which makes the rate of progress seem so painfully slow.

Army includes officers holding the Viceroy's Commission, while Indian Officers holding the King's Commission are now admitted to the Indian Army under a regular system, a feature of which is that in the ordinary course they are posted to certain selected units of Cavalry and Infantry. It is with the increase in the latter class that Indian opinion is principally concerned. King's Commissions are now to be obtained by Indian gentlemen qualifying themselves as cadets in the Royal Military College, Sandhurst, or by honorary grants to Indian officers whose age or lack of education preclude them from holding the full commission in the ordinary sense. Commissions in this second category are granted *honoris causa* and are not regarded as augmenting the authorised establishment of commissioned officers. It, therefore, follows that if an Indian is to enjoy the fullest opportunity of adopting a military career on terms of absolute equality with the British officer, he must pass through Sandhurst. Ten vacancies have been reserved annually at Sandhurst for Indian cadets, and in order to secure a suitable supply of recruits for these vacancies, there has been established in India the Prince of Wales' Royal Indian Military College at Dehra Dun. In this institution the normal course of education has been planned to occupy six years, and the arrangements so far made will enable a maximum of 120 boys to be in residence together. The college has already proved to be a great success and there is every hope that it will amply achieve the intention for which it was created. Indian political opinion, however, was not satisfied with the scope of the college and demands were made for the establishment in India of some institution which would have the same functions as the Royal Military College at Sandhurst. A debate on this subject took place in the Legislative Assembly during the Delhi Session of 1925 after which, in response to the feeling on the subject then expressed, the Government of India offered to appoint a committee to investigate the whole question of the establishment of an Indian Sandhurst. This committee was appointed later in the year with Lieutenant General Sir Andrew Skeen as President. The terms of reference to the Committee were as follows —

“ To enquire and report —

- (a) By what means it may be possible to improve upon the present supply of Indian candidates for the King's Commission both in regard to number and quality

It is impossible rightly to estimate the currents of party politics during the year 1924-25 without some reference, however brief, to

Mr Gandhi's remarkable movement This was in essence an attempt to assert the claims of Indian civilization, of Indian culture, and of Indian values against the dominance of the Western world As such, it attracted to its banner many who approved the ends for which it stood rather than the means which it advocated for their attainment The failure of the campaign to achieve these ends while leaving their brightness still undimmed, has subjected efforts to attain them along other lines to certain serious handicaps. During the period under review, Indian political life has been broadly conditioned by two heritages of Mr Gandhi's movement The first is the refusal of a large and influential section of the educated classes to work the reformed constitution in the spirit postulated by its designers, the second is a dangerous and widespread communal tension But for the disability represented by these legacies, the year might have been more notable In actual fact, the political record of 1924-25 centres round the endeavour, by those who were once followers of Mr Gandhi, to redress these two fundamental difficulties

Even before Mr Gandhi's removal from the sphere of active politics, there had not been wanting a section of his followers who be-

lieved that some, at least of his boycotts, were disastrous to the true interests of the cause which he had at heart The utter failure of his campaign to achieve the ends

for which it was designed considerably strengthened both the conviction and the prestige of the malcontents By the end of the year

1922, the Civil Disobedience Enquiry Committee, appointed by the Indian National Congress, showed that the so-called "con-

structive programme" to which Mr Gandhi had committed his followers shortly before his incarceration, was useless as a political platform The popularization of the spinning wheel and of home-spun cloth, the salvation of the depressed classes, and the enlistment of Hindus and Mussalmans alike in the Indian National Congress, though useful in themselves, did not constitute a rousing battlecry Hence, two sections of opinion developed in the Congress Camp One section, still under the influence of Mr Gandhi, pinned their

is nothing of any particular interest to report concerning the progress of the territorial force during the year under review the reader may find it interesting to consider the present constitution of the force. Twenty provincial battalions are now in existence, the enrolled strength being over 12,000. Most of the battalions are nearly full, although some units still fail to attract the sanctioned quota of recruits. One of the great problems connected with the development of the force is the provision of adequately trained officers. For the command of battalions and companies, officers of the regular army are provided. Opportunities have also been afforded for the further training of Indian Territorial Force officers by attaching them for limited periods to regular battalions. Annual special courses of instruction are also held for the officers and non-commissioned officers of the Indian Territorial Force. In addition to the provincial battalions are the University Training Corps, which have now attained a large measure of popularity. There are at present six battalions whose headquarters are located at Bombay, Calcutta, Allahabad, Lahore, Madras and Rangoon, and two separate Companies have been constituted at Patna and Delhi. The Territorial Force is meant to be a second line to, and a source of reinforcement for, the regular army, and its membership carries with it a liability for more than purely local service. The Indian Territorial Force thus differs in scope from the Auxiliary Force, which is so far confined to European British subjects. This body can only be called out for service locally, being intended primarily for those who can undertake military training only in their spare time and are unable to afford the more lengthy periodical training which constitutes the obligation of the Indian Territorial Force. Indian political opinion has long seen in the position of the military force evidence of racial discrimination and in 1924 the Legislative Assembly discussed a motion recommending its amalgamation with the Indian Territorial Force. In deference to the feelings expressed on this point, the Indian Government appointed a Committee to enquire into and report what steps should be taken to improve and expand the Territorial Force so as to constitute it an efficient second line to the Regular Army and to remove all racial distinction in the constitution of the non-regular military forces in India including the Auxiliary force. This Committee, which was presided over by Sir John Sher, took evidence in November, 1924, and the report embodying its recommendations was published on February 23rd,

whom they could now approach with all the prestige then attaching to the followers of Mr Gandhi. It was, in fact, as Mr Gandhi's "men" that the Swaraj Party emerged into the public

Swarajists as Mr
Gandhi's men

eye. They pledged themselves to achieve the objects to which he had devoted himself, although at the cost of certain deviations from his policy. On the eve of the elections, they issued a party manifesto in which they laid stress upon the fact that they were entering the Councils in order to ensure that the new constitutional machinery should not be exploited for anti-national

Declaration of their
"Wrecking" Policy

purposes. They intended to present an ultimatum to Government demanding the right of the Indian nation to control its own destiny. In the event of the demand being refused, the Party pledged itself to a policy of uniform, continuous and consistent obstruction with a view to making Government, through the Assembly and the Councils, impossible. The Swarajists steadfastly maintained that their position was a logical development from the principles of Mr Gandhi's original campaign. The only distinction, so they argued, was that instead of attempting to destroy the Councils from without—a project which had proved impossible in practice—they had set themselves to wreck the machinery of the Councils from within. That this change was, in fact, one of vital principle was a point upon which, for obvious reasons, they laid little stress. Mr Gandhi had regarded the Councils as something unholy, something with which no patriotic Indian ought to defile himself by contact. There was all the difference between such a position and the programme marked out by the Swaraj Party. For whatever their ultimate intentions might be, it was impossible to disguise the fact that they were in effect associating themselves with the machinery of the new reformed constitution.

In the 1923 elections, the Swaraj Party devoted the major portion of their energies to attacking the Liberals, who had remained in control of the new constitutional machinery since its inception. In the struggle, the Liberals suffered from certain severe handicaps. During their period

The 1923 elections

of office, they had lacked the stimulus of genuine opposition within the Councils. In consequence, both their unity and their organization had deteriorated. Personal considerations rather than questions of principle largely dominated the work of the first reformed legislatures. Worse still, the Liberals

Government of India in consultation with provincial governments and the considered recommendations of the Government of India have since been approved by His Majesty's Government

Before leaving this general discussion of the Indian military organisation a few words may be said about the attitude of Indian politicians towards the expense of military defence to this country. One of the contributory causes of the demand for rapid Indianization is to be found in the present cost of India's military defence. India spends upon her military organisation, including the Royal Indian Marine, a sum of between 50 and 60 crores of rupees out of a total net central and provincial revenue of about 220 crores. The percentage of India's revenues spent on military and naval defence is thus seen to be a high one but the annual *per capita* cost works out to less than Rs 2 that is less than 1/20 of the *per capita* cost of defence in the United Kingdom. Moreover the percentage of the total revenues of the country devoted to defence has decreased annually for some years past. In 1921-22 it was 41.95 per cent of the whole, in 1922-23 it was 36.01, in 1923-24 it was 28.84, in 1924-25 27.27 and in 1925-26 it was 27.37. For the year 1926-27 it works out at exactly 25.0 or $\frac{1}{4}$. These figures show beyond any possibility of dispute that the Government of India have made serious efforts to meet the continually repeated demand of retrenchment on military expenditure. But they do not tell the whole story. Not only are the sums now spent on defence a smaller percentage than formerly of the total revenues, but they are a smaller percentage of smaller revenues. Thus the final figures of central revenue for the year 1924-25 showed a total of 137.5 crores, for 1925-26 133.32 crores, whilst the revised estimate of revenue for 1926-27 is 130.25 crores and the total estimate of revenue for 1927-28 is 128.9 crores. The truth is that expenditure even on the most vital military services has now been pruned to the sap, and as Field-Marshal Sir William Birdwood told the Legislative Assembly last year, purchases of improved war material necessary for the full efficiency of the Indian Army have had to be deferred until funds become available. Chief amongst the necessities which are lacking

clear majority In Bengal, they represented the strongest individual group, but without the aid of a coalition they could not hope to enjoy supremacy In Bombay and in the United Provinces, though they were returned in considerable numbers, they had not the majority of votes In Madras, in the Punjab, and in Bihar and Orissa, they were very weak In the Central Legislature, upon which they had concentrated a large proportion of their forces, they failed to capture a fair half of the elected seats in the Assembly Nevertheless, they had reason to be well satisfied with the result of the selections They had definitely displaced their Liberal rivals as the exponents of the political ideals of the Indian intelligentsia

It will thus be apparent that at the commencement of the year 1924, the Swaraj Party, by their energy and by their initiative, had succeeded in redressing one of the two serious consequences of Mr Gandhi's non-cooperation programme But their position

Results of the Coconada Congress

within the Congress was still not free from difficulty, and in December, 1923, a definite breach between the Swarajists and the No-changers was again averted with some difficulty While the Delhi compromise was re-affirmed, the Congress once more committed itself to Mr Gandhi's original programme of the triple boycott, in which the boycott of the Councils was included The upshot of the Coconada meeting of the Congress was that the Swarajists and the No-changers seemed likely to be free to pursue their chosen courses The Swarajists leaders proceeded to cement, in the most effective manner, the discipline of their group The General Council of the

Swarajist Organization and Programme

party laid down certain rules for the conduct of party members in every legislature, declaring that the candidates elected on the Swaraj ticket would be held rigorously to their pledge It was determined that the demand the Party proposed to present to Government should take the shape of an ultimatum demanding the release of all political prisoners, the repeal of all repressive laws, and the summoning of a National Convention to lay down the lines of the future constitution for India In the event of Government proving recalcitrant, a policy of obstruction and wreckage was to be ruthlessly adopted. It was further laid down that no member of the Swaraj Party was to accept office, to offer himself as a candidate for any Select Committee, or to accept a seat thereon, and that no member was to take part as an individual in the ordinary current

force sent from India to China was a comparatively small one consisting of a mixed brigade of two battalions of British Infantry, two battalions of Indian Infantry, a pack battery, a Medium battery Royal Artillery, and a company of sappers and miners with ancillary troops. Since their arrival at Shanghai their duties have been confined entirely to protecting the lives of those for whose safety the British Empire is responsible.

For the Air Force the year has been a peaceful one. No active operations were carried out by it on the Frontier, but it has successfully co-operated with the Razmak mobile column on two occasions and also during the relief of the Chitral garrison. A opportunity was afforded of photographing the Swat Valley during the Darbar held to instal the Mian Gul of Swat. The results obtained were highly satisfactory.

Many requests were made to the Air Force to carry out aerial survey, the value of which in conjunction with ground operations is becoming increasingly appreciated in a country of the size and topographical character of India. Among the more important services carried out may be mentioned—

- (a) Muzpar Khas-Nagar-Parkar Line for the North-Western Railway
- (b) Multan City for the preparation of a new 1/20,000 map by the Survey Department
- (c) Sulemanke Headworks—Sutlej River Survey of a reach 80 miles down stream from Ferozepore 8 miles long and 2 miles wide for the Punjab Irrigation Department
- (d) Jumna River Survey of an area 13 miles by 6 miles for the North-Western Railway in the area of the Jumna Bridge at Kalanur, to enable data to be obtained for defensive measures on the right bank
- (e) Continuation of the Survey of the Wana and Pir Gul areas in Waziristan

This year the Royal Air Force organised an Air Display in Delhi for the first time for the benefit of the Royal Air Force Memorial Fund. Detachments from every Royal Air Force unit in India were concentrated at Delhi with certain new types of machines loaned by the Air Ministry and a Vickers Victoria lent by the Air Officer Commanding, Iraq. Also Messrs Stacks and Leete gave an exhibition on the two Moths which they had flown out from

rose high, in the first instance, against the Government. But the terrible Moplah outbreak revealed to the Hindus, as by a lightning flash, a danger which they had only temporarily forgotten. The political *entente* between the two communities weakened. From events external to India it received its death-blow. Peace between Turkey and the Allies was made effective on accepted terms and not long after, the Turks first deprived their Sultan-Khalifa of all civil power, and then abolished the Khilafat entirely. The spirit of aggression, which had been so wantonly roused among the Mussalmans, was suddenly deprived of its anti-Government bias. Plainly Mr Gandhi had not helped the Khilafat cause, since, despite his aid, the very institution on whose behalf so much sentiment had been aroused, was now destroyed. A reaction set in. The Indian Mussalmans turned their eyes from foreign to domestic questions. What they saw alarm-

**"Hindu-Muslim Unity"
Break Down**

ed them. They numbered 70 millions, none-the-less, they were in a minority as compared with the Hindus. Further, while they cherished militant traditions and the memories of an Empire in India, they were now inferior in education, in wealth and in vested interests to their rivals. How then would they fare when Swaraj were attained? Their communal anxiety increased rapidly, and they put forward claims which, by turn, exasperated and alarmed the Hindus. Before long the situation clearly crystallised. The Mussalmans would not advance one step towards the acquisition of Swaraj until their future was secured. Since Mr Gandhi had inculcated the doctrine that a man's religion is all that matters, since he had execrated and despised secular authority, the Mussalmans naturally fell back upon the dictates of their own militant creed. This attitude was necessarily reflected by the Hindus, now fully alive to the horrors perpetrated in the name of Islam by the Moplahs. The real significance of Mr Gandhi's policy for the first time became apparent. Blind to the lessons of history, he had taught men, while exalting God, to despise Caesar. But in India, as it has been well said, Caesar is one, while God is worshipped in many forms, whose adherents dwell in mutual toleration only through Caesar's constraint. Inevitably, therefore, Mr Gandhi's doctrine brought not peace, but a sword to his luckless country.

Through 1922 and 1923 communal dissensions grew apace. In the latter year in particular, the tension between the Hindu and

CHAPTER VII.

Dyarchy.

DIARCHY AND THE RESERVED DEPARTMENTS

“Dyarchy” is a compound of two Greek words and means government by two authorities. The dyarchic system has been applied in India only to the provincial governments and not to the Central Government. Its fundamental aim is the gradual development of “responsible” government through the education of the people in the use of democratic institutions and the actual handling of power. It is also meant to subordinate historic feuds and communal differences to a sense of common nationhood. There is no need to enter here into the reasons for its adoption, or for its restriction to the provincial governments. It is enough to say that in the circumstances amid which India found herself at the time of the Reforms those responsible for her welfare and safety decided that dyarchy offered the best method of combining stability with progress.

The outstanding feature of the Government of India Act, 1919, and of the rules made thereunder is the division of the field of government in the provinces between two authorities—one amenable to the British Parliament and the other to the Indian electorate. This has necessitated a prior classification of the subjects of Government into the two spheres of Central and Provincial, by which a number of very important administrative subjects, henceforth technically known as “Provincial” subjects, have been entrusted to the reformed Local Governments. These include Local Self-Government, medical administration, public health and sanitation, education, public works and water supply, with certain reservations, land revenue administration, famine relief, agriculture, fisheries and forests, co-operation, excise, the administration of justice, subject to legislation by the Indian Legislature, registration, industrial development, police, prisons, sources of provincial revenue, and many miscellaneous items. This cleared the way for the division, within the Provinces, of the functions of Government between an authority responsible to Parliament and an authority responsible to the electorate. Under the reformed constitution, therefore, the Provincial Executives now consist of two portions—The first half

threaten their interests The Maha Sabha movement has established active branches in various localities, which encourage physical culture among the Hindus, and, in general, foster the growth of a militant spirit for the progress of the community The whole movement for the reclamation of *quasi*-Hindus, for the organization of the Hindu Community for self-advance, and for the encouragement of a compact and disciplined organization, is conveniently known as *Sangathan* In opposition to this manifestation, the Mussalmans have organized the *Tanzim* movement This aims at the enlargement of the Mussalman community by conversion from other creeds, at the organization of an Islamic brotherhood to protect the interests of Mussalmans, and at the concentration of the efforts of the community to resist attempts at the reclamation of any members to the fold of Hinduism

Sangathan.

Tanzim

It may well be imagined that such a state of affairs, following as it did upon the feet of Mr Gandhi's boasted Hindu-Muslim unity, constituted a grave obstacle to the progress of the nationalist campaign No real political activity, as this is generally understood by the educated classes in India, can come into existence unless a working agreement between the Hindus and Mussalmans is established During the last three months of 1923, prominent Congressmen devoted much attention to the task of healing communal dissensions At the Delhi Congress of September, 1923, the supreme necessity, from the political point of view, of bridging the gulf between the two communities was fully recognised, and a small committee was nominated to prepare a draft for a national pact This pact did not touch some of the thorniest questions which divide the Hindus and Mussalmans, in particular having nothing to say regarding the vexed matter of communal representation in regard to power and office Subsequently, Mr C R Das and certain of his friends drew up for Bengal a draft of a Hindu-Mussalman pact which attempted to lay down a definite proportional representation in all offices for the two communities Representation to the local bodies was to be in the proportion of sixty to forty; sixty to the community which was in the majority, and forty to the minority It was also proposed that 55 per cent of the Government posts should go to Muhammadans From the point of view of conciliating Muham-

**Effects of Communal
Tension on Politics**

**"National" and
"Bengal" Pacts**

they had left, and many of these men found their way into the criminal ranks. Again, quantities of fire-arms were smuggled into India and the possession of these either gave the incentive or provided the means for many potential criminals to take up a life of crime. Lastly, the years which followed the War were for India, as for every other country, years of financial stress and economic pressure, both of which produced their results on the criminal statistics. It is possible that the years between 1920 and 1924 witnessed the greatest wave of crime which has ever swept British India. Crimes of violence reached their peak in 1922 and no province in India escaped the fell effects of the wave. Murders and dacoities increased to an alarming extent, and in all too many cases the weapons used to commit the crime were fire-arms. Thus the police were taxed to the very limit of their powers at a time when India was more disturbed internally than she had been for at least a couple of generations. Law and order, which are the very foundations of settled government, were being powerfully assailed at the very time when the whole thought and energy of the Provincial Governments were required for the immensely difficult and important work of translating the provisions of the Act of 1919 into realities of Indian politics.

At the best of times, crime in India tends to throw a greater strain on the administration and to develop more easily, more frequently, and more rapidly into situations which call for the use of other than merely police power than it does in Western countries.

The Hindustani word for criminal, in the sense of "criminal" law or "criminal" administration, is *faujdari*. Under the Moghuls the officer entrusted with the criminal administration of a district was called the *faujdar* and he was a military officer with a force at his disposal strong enough to enable him to keep the unruly elements within his jurisdiction in check. Going a little further into the meaning of "*faujdari*" we note that "*Fauj*" is the Hindustani word for army and so the present Hindustani word for "criminal" carries us straight back to the days when every investigation into a serious offence was a military operation. And to this day widespread and prolonged disorder such as the Khilafat, Non-Co-operation and Akali Sikh agitation may give rise to situations which call for the use of troops, whilst every-day crimes like dacoity, or gang robbery with violence, may necessitate the undertaking by the Police of operations of quasi-military like those now

for which that Act stood. They desired the early appointment of a Royal Commission to revise the existing constitution, they complained that the rate of advance had been too slow, and they demanded its acceleration. But while they stood uncompromisingly for progress, they also believed in constitutional development upon the foundations already laid. They showed no disposition to quarrel with the general line of procedure outlined in the Declaration of August 20th, 1917. On the other hand, the attitude of the Swarajists was entirely different. They questioned the correctness of the entire premises upon which the scheme of Indian constitutional advance had hitherto been based. In particular, they did not accept the preamble of the Government of India Act, which made the British Parliament a judge of the time and manner of India's constitutional advance. They therefore demanded the complete overhauling, in accordance with their own conceptions, not merely of the existing constitutional position, but of the whole theory of the relations between India and the British Parliament.

Where circumstances were in their favour, the Swarajists made an early effort to carry out their policy of paralysing Government.

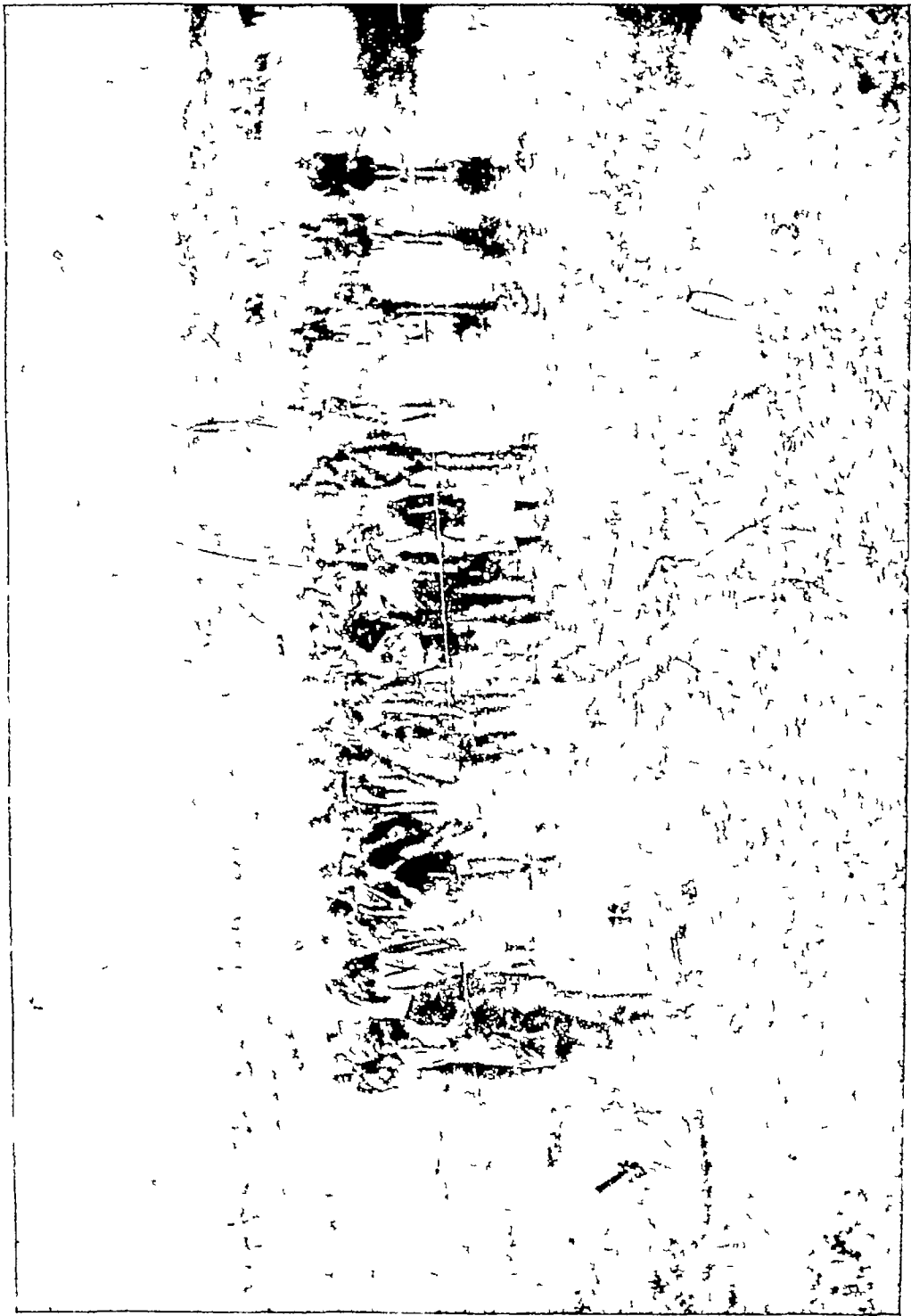
Swarajists in the Central Provinces, 1924-25

In the Central Provinces, after the leaders of the party had refused to accept office as Minister, they voted down every Government measure indiscriminately. They carried a vote of want of confidence against the Ministers, and followed this up at a later stage by fixing the Ministers' salaries at the farcical figure of Rs 2 per annum. When the budget of the Central Provinces Government was presented, the Swarajists majority refused all the supplies which lay it in their power to vote. The Governor was thereupon obliged to put into operation the emergency powers conferred upon him by the constitution. So far as the Reserved subjects were concerned, the expenditure which the Council had refused to sanction was restored, with the exception of some items which could be postponed without serious hindrance to the administration. In the sphere of Transferred subjects, the consequences of their action were more serious, for the Governor's power was limited to providing the funds which he considered necessary for carrying on Government. Had full effect been given to the Council's vote, the colleges and schools would have been closed, the work of hospitals and dispensaries would have come to a stand-still, roads and buildings would no longer have been kept in repair, and thousands of officials belong-

passage of time Increasing education together with its beneficial effects has the drawback of making many criminals more clever at their work and of introducing them to new and sophisticated forms of crime The railway, the telegraph, the motor car and so on have been pressed into the services of the criminals of this country, whose greater mobility and knowledge as compared with some years ago makes them ever more serious antagonists for the Indian Police In fact, the criminal elements in Indian society are pressing all the time on the latter's defensive arrangements and when circumstances favour them, they break through and cause widespread havoc and ruin The typical problem of the Indian Police is not concerned with the sophisticated crime in the cities but of securing to the dwellers in the widespread and remote rural areas protection and security This task the police are coping with successfully after the storm and stress of the years of disturbance In last year's report, a receding of the crime wave was noted and if it were not for the Hindu-Muhammadian troubles the condition of India would now be more peaceful than it has been for years past No great political agitation is now on foot and crimes of all sorts continue to decrease

During the year under review every province in India with the exception of the Central Provinces saw an actual decrease in crime, particularly in serious crime In the Central Provinces the figures for 1926 were somewhat higher than those of the previous year, but the rise, which was very slight, was due to economic causes Serious crime remained low The police authorities in Delhi, the Punjab, the United Provinces, the Central Provinces, and Bengal all comment on the tension existing between Hindus and Muhammadans and its results in the increased difficulty of police work The Senior Superintendent of Police in Delhi reports that throughout the year the state of inter-communal feeling was such that it was unsafe to permit even a marriage procession to proceed through the city without police protection, and that there were countless occasions when disturbances were only prevented by the timely intervention of a police officer Yet, in spite of this diversion of the activities of the police from their normal functions, the measures taken to cope with crime in Delhi were distinctly successful, and during 1926 serious crime showed the smallest figure of any in the past five years, whilst the percentage of convictions to true cases reported was the highest in the same period

accordance with the published programme, the first move was to put forward resolutions recommending the release of detenus under Regulation III of 1818, the release of all " political " prisoners and the repeal of " repressive " laws. Upon all these points Government was defeated. In February, the Swaraj Party received a temporary set-back. A motion to apply a closure to the debate on the conduct of the Ministers who voted with Government on the resolutions mentioned above, resulted in a defeat by one vote, many Muhammadans refusing to vote against their co-religionists. Early in March, the loyalty of the Muhammadan members to Mr C R Das was put to a further test, by a debate on a resolution proposing to give immediate effect to the principles of the Bengal Pact, by the appointment of 80 per cent of Muhammadans to Government service until the number of Muhammadans in each branch became 55 per cent of the whole cadre. The danger of disruption, which faced the Swaraj Party on this resolution was, however, met by the insistence of Mr Das that the conditions of the pact were meant to come into operation only upon the attainment of Swaraj. The real test of strength between Government and the Swaraj Party in the Bengal Council came with the debate on the budget proposals which opened on March 18th. Lord Lytton personally placed the constitutional issues clearly before the Council. He pointed out the consequences of refusing the votes and rejecting the budget, laying special emphasis on the fact that, in respect of the Transferred Departments, the powers of the Government for authorising emergency expenditure are limited to the provision of money for bare necessities, and do not extend to the restoration of whole demands. This statement of the position had apparently some effect, for, although the Swarajists used every means to carry their various motions for reduction and total refusal of demands, their greatest success was on the Reserved and not on the Transferred side. Under the Reserved heads, every demand was rejected except that under the head of Police, which was finally voted with certain amendments. On the Transferred side, on the other hand, all demands were granted except those for Ministers' salaries, for the education inspectorate, and for medical establishments. In all cases, the voting was extremely close, and the local Government states that, for the most part, the results of particular divisions were accidental and dependent upon the attendance at the time. The Swarajists had failed in their object of totally rejecting the budget. They had, nevertheless, created a position of consider-



A party of Special Dacoity Police crossing the Parbati river, Dholpur State, with prisoners and loot captured in a successful raid on the Kanjar band

ing for a campaign against the Chamal Kanjars who for generations have been a menace to the Agra and Bundelkhund divisions of the United Provinces, and, among others, to the neighbouring states of Gwalior, Dholpur, Bharatpur, Karauli, and Dattia. A number of raids on dacoit haunts which were carried out under great difficulties met with marked success on the 5th of April 1927, when the Special Dacoity Police and the Gwalior State Police encountered two Kanjar Gangs in the Chambal ravines, and broke them up after a sharp engagement in the course of which one of the leaders was shot and 11 of his followers were captured. This account of the Special Dacoity Police force in the United Provinces is an interesting illustration of the permanence of certain features of life in the Indian countryside. The loneliness and defencelessness of the villages are much the same as they were half a century and more ago, whilst the dacoits are drawn to a large extent from criminal tribes some of which are hardly, if at all, different from their predatory forefathers who terrorised the countryside before the coming of the British.

The report from Burma is encouraging. It should be noted here that crime in Burma had increased during the past few years to a point at which it caused the Government of Burma the very gravest concern, and where it had to be met by special measures and exertions. They are now reaping their reward for during the year ending March 31st, 1927, dacoities, robberies and fire-arm cases all showed a marked reduction, as compared with the previous year. Murders, which have been steadily increasing of late years, showed a slight increase over the figures for the previous year. The question of murders, the causes underlying their continued increase, and the methods to be adopted to combat them were considered by His Excellency the Governor in Council, with the result that a Committee was appointed to devise means of solving a problem which has become a matter of considerable anxiety. Vigorous action was taken during the year under the Criminal Tribes Act and this resulted in a number of new gangs of criminals being proclaimed and in the opening of a Reformatory Settlement at Paukkaung in the Prome District, to which the most notorious members of each gang have been or are being restricted. "Open Season" Police Patrols and better communication by means of wireless on the Siamese border had a salutary effect, and important crimes in border districts showed a big reduction in consequence.

influence is far greater than their numbers would suggest, together with a number of Independents, strongly protested; but the Nationalist group was sufficiently solid to impose its will upon the House by a small majority. Other defeats inflicted upon Government during the Session included the passing of resolutions asking for an enquiry into the grievances of the Sikh community; for the repeal of Bengal Regulation III of 1818 and the Criminal Law Amendment Act of 1908; and demanding the imposition of a counter-vailing duty upon South African coal. It was thus broadly clear that the Swarajists had succeeded in building up within the Assembly a powerful constitutional opposition to the Executive. As was

**Swarajists break from
Non-Co-operation.**

forcibly pointed out on more than one occasion, the gulf which now separated the Swarajists from non-co-operation, as understood by Mr. Gandhi, was considerable. They had stood for constitencies created under the Government of India Act; they were conforming to the rules of the House which were also a product of that Act; nay more, they were utilising the machinery set up by the Reforms to record a constitutional protest. So far from indulging in the wholesale business of obstruction and wreckage upon which they had at one time laid stress, they were taking a prominent part in the ordinary business of the House. For the rest, the Session served conclusively to demonstrate the general unanimity with which the question of constitutional advance in the Assembly viewed the *impasse* of non-co-operation, themselves on having discovered a way out of the difficulties under this head were by no means

**The Swarajists and
Mr. Gandhi.**

at an end. The release of Mr. Gandhi on February 5th, 1924, at once opened the prob-lem of their relations, present and future, with one whose followers they still professed to be. For some time Mr. Gandhi remained too infirm to familiarise himself with the intricacies of current politics; but in a published letter he proceeded before long to express his unalterable adherence to the original plan of the triple boycott. The position of the Swarajist leaders thus became very delicate. Their prestige in the country still rested largely upon the assumption that they were the followers of Mr. Gandhi; nevertheless, if his opinion remained unchanged, they would shortly be compelled to

rather unfavourable factor produced no noticeable effect on crime. The political horizon, in spite of the prevailing communal tension, remained comparatively clear and as a result the Police were able to devote themselves with greater energy to ordinary crime. The outstanding feature of the year's work were the special campaign against cattle thieves in the South Eastern Punjab, effective action against dacoits, robbers and criminal tribes, large seizures of illicitly-possessed arms and more vigorous use of the preventive laws. Eliminating petty cases from consideration, the police brought down the total volume of true cognizable cases from 33,112 in the previous year to 30,686. Of these 10,277 or over 33½ per cent were successfully prosecuted to conviction. This percentage of convictions is the highest since 1919. The crime figures for 1926 thus afford some legitimate ground for satisfaction and the Governor in Council expressed his appreciation of the result in a letter which was circulated to all District Officers. Cases of rioting fell from 822 to 660 cases. There were 600 murders compared with 657 such cases in the previous year, the principal motives, *viz*, sexual relations, land disputes and blood feuds, remaining the same. Dacoity showed a marked decline from 160 to 147 true cases, the best record since 1919. The special force which was organised to hunt the armed dacoit bands headed by two notorious outlaws named Shahabur and Kammun who had created a reign of terror in the Central Punjab districts succeeded in effectively checking the activities of these organised gangs and in accounting for 44 out of 48 members of one band and 34 out of 36 members of the other. The arrest of Kammun included a very gallant episode. A substantial reward had been offered for information leading to Kammun's arrest which tempted an associate of his to betray him. Accordingly when the dacoit leader accompanied by a member of his gang visited the man's house he set out to inform the Police. On his way he met Constable Allah Rakha of the Sialkot District and informed him of the presence in his house of the two dacoits. The Constable immediately proceeded to the village, quietly collected the Lambaradar, Chowkidar and certain other villagers and approached the house indicated. His companions on two occasions failed to follow him, but after rallying them, he managed to fasten the door from the outside. The dacoits, becoming aware of what was happening, smashed down the door and endeavoured to escape. At sight of Kammun's gun most of the Constables' companions fled

heved that their achievements in the Central Legislature, in Bengal and in the Central Provinces were such as to indicate, in the eyes of any impartial person, the expediency of the course which they had pursued. But it was hardly to be expected that Mr. Gandhi, who at the time of his incarceration had been the unquestioned dictator of the chief currents of the Indian Nationalist movement, should acquiesce in the loss of his political ascendancy without a struggle. Early in June he published a declaration to the effect that the Swarajists, as they did not accept the boycotts, ought not to retain their office on the executive of the Indian National Congress. He did not approve of their action in entering the Councils, and he particularly objected to the policy of wreckage which was in the forefront of their programme, if not conspicuous among their achievements. He did not desire to hinder the Swarajists in the pursuit of the policy which they had laid down for themselves; but he emphasised the fact that this was not the policy of the Congress as he understood it, and that it ought not to be conducted under the ægis of that organisation. In reply, the leaders of the Swaraj party maintained that they had a right to the place in the Congress Executive programme—spinning, untouchability, and Hindu-Moslem unity—though meritorious in itself, did not constitute a sufficient foundation for a thorough-going opposition to Government. The difference between Mr. Gandhi and the Swarajists was unquestionably emphasised by the results of the Special Session of the Indian Legislature held in May and June 1924. The Bill for the protection of the steel industry, as related in the Third Chapter of this Statement, was passed with the active assistance of the Swaraj party, who on this occasion at least displayed no conscientious objection to co-operating with the Executive Government. Further, the party made another departure from the old principles of the non-co-operation movement by agreeing to serve upon Select and Standing Committees.

*The Special Session,
Simla, 1924.*

Before proceeding to describe the course and events of the struggle for supremacy between Mr. Gandhi and the Swarajists, which represents the central feature of internal Indian politics during the year 1924, we may roughly estimate the relative strength

*Strength of Mr. Gandhi
and of the Swarajists.*

less troublesome remedy of ransoming their cattle from the thieves. In these circumstances cattle theft has always been able to flourish, and influential and otherwise respectable men have adopted the role of 'Thangdars', i.e., persons who act as clearing houses for the receipt and disposal of stolen cattle. As 'thangdars' these men can obtain information concerning the whereabouts of stolen cattle and the man who loses his animals can thus often get them back by approaching the proper people. A 'panchayat' is formed, on which the 'thangdar' is represented, an amount as ransom is fixed and when this amount—often 50 per cent or more of the value of the animals concerned—has been paid the complainant may, or may not, get his cattle back.

To facilitate identification the experiment has been started of tattooing the ears of cattle in the Karnal District. The system proved popular with the public and as a result a scheme has been evolved by which an individual number can be given to every animal in Northern India. Consideration is also being given to providing facilities for the registration of sales of cattle and endeavours are being made to expedite the hearing of cases. No solution has yet been found to the problem of how to keep cattle fit during the investigation and trial of the cases which arise out of their theft and recovery. Legally they must remain in police custody and the police have not the facilities or the staff at each police station to guard, graze, feed and milk them. Again, driving animals to and from court and keeping them in the court compound all day is obviously harmful and exposes them to disease. Unless the law is altered in certain particulars, a suppliant of justice, having spent time and money attending the courts with his witnesses can at best only get his animals back either diseased or out of condition.

The confidence inspired by the activities of the special cattle police has encouraged the public to come forward with information regarding cases which have hitherto been suppressed owing to fear of reprisals on the part of the big cattle receivers. This is one of the causes of the increase in the figures of this type of crime. The work of the special cattle police has been well received by the public, has been favourably commented on by a number of Members of the Provincial Legislative Council and shows every promise of being successful in its operation. The indications at present are that the general adoption of the system throughout the province

to put a definite affront upon Mr. C. R. Das by roundly condemning, in contravention to a resolution passed by the Bengal Provincial Conference, the action of Gopi Nath Saha, the murderer of Mr. Day. The result of the meeting of the Congress Committee came as a profound shock to Mr. Gandhi. He found that he was able to carry the resolutions in their original form by a small majority; but he was startled to find that this would not have represented the real grouping of Congress opinion in India and would certainly have caused an open split. In the end a series of compromises was arranged, the effect of which was to give a general endorsement to the terms of the proposed resolutions, while eliminating from each the penal clause.

Mr. Gandhi Defeated. Early in July, after the termination of the meetings of the Committee, Mr. Gandhi publicly announced that he had been defeated and humbled. He did not however abandon the struggle; but reiterated his conviction that the proceedings of the Committee had confirmed him in his view that there must be separate organisations for working the two methods of boycott and of council entry. His innermost wish, he said, was to retire from the Congress and to confine his activity merely to Hindu-Moslem unity, khaddar and untouchability. But he reluctantly decided to continue to remain in the Congress organisation and to strive for a majority within it. Finding that his party grew daily weaker in the face of the energetic and determined propaganda of the Swarajists, he proposed that the Indian National Congress, in order to maintain unity, should confine its social work to spinning, the fostering of Hindu-Moslem unity and the removal of untouchability. This proposal naturally did not commend itself to the Congress. Without the prestige which attached to participation in the Congress organisation, their position in the country would become very difficult. Mr. Gandhi was, however, firm. Unless his plans were accepted, he stated, he would leave the Congress to the Swarajists, and start a separate organisation of his own for the accomplishment of his programme. From the party point of view this alternative was almost equally unsatisfactory. Mr. Gandhi's plain disapproval of the policy of council entry seemed to imply that his influence, which was still great, might at any moment be turned against the Swarajists.

He continues the struggle.

during 1926 is also the least for any of the past five years. It is worthy of note that the success attained by the Bombay Police in burglary investigations, which are notoriously the most difficult of all investigations in India, compare well with that obtained in England. By striking vigorously at receivers of stolen property the Bombay Police are removing one of the main props of burglary.

Inter-communal tension throughout the year compelled the police in Bombay as elsewhere to take extraordinary precautions to prevent clashes.

The North-West Frontier Province shared in the general fall in crime during the year 1926, the figures for that year indeed being the lowest since 1918 and well below the average for the past ten years. The number of murders was less than in the preceding year and it is satisfactory to read the opinion of the Senior Superintendent of Police, Peshawar, that murders in pursuit of the blood feud are decreasing from year to year except among those who have strong relations across the border. Even so out of 462 murders reported during 1926, 114 were committed in pursuance of blood feuds. In one of these murders a boy of nine was shot dead in connection with a feud started by his father fifteen years previously. The father had died in jail with one murder too many to his credit and the son's life was taken to balance the account.

During 1926 police activities in Assam were directed largely to the prevention of crime by the institution of proceedings under the preventive sections of the law against gangs of known criminals, to the registration of habitual criminals, particularly on the borders of the province, under the Criminal Tribes Act, and to giving greater attention to the surveillance of bad characters and suspects by wider and more frequent patrolling. The result of these measures had been a marked reduction of offences against property.

The police all over India are thus seen to be sustaining with credit their heavy burden but not without cost to them in life and health. Between April 1st, 1926, and April 1st, 1927, five policemen were killed and 10 officers and 72 men were injured in encounters with law-breakers in the United Provinces. In Burma during the same period 10 men were killed and some others including the District Superintendent of Police of Toungoo were wounded. In Bombay one Head Constable and four constables were killed during the year.

property. The Magistrates were compelled to intervene. Armed police were sent to Tarakeswar, and the pleaders of both parties were induced to agree to the appointment of a Receiver for the temple but not for the Mahant's house. This arrangement did not commend itself to the Swamis; and on the day fixed for the instalment of the Receiver, the temple was occupied by Swami Sachidanand, and two narrow lanes leading into it were blocked by rows of women lying flat upon the ground. During this affair members of the Swaraj party were present; and increased pressure was brought upon the Mahant to hand over the temple to a Committee appointed by Mr. Das. Ultimately, the Mahant on behalf of the plaintiffs, effected a compromise with the Swarajists on their own terms. But meanwhile considerable excitement had been aroused; many arrests had been made; and the police had been compelled on one occasion to open fire on a violent mob. The compromise between the Swarajists and Mahant, which disappointed many of the expectations of the reforming party, came as a considerable shock to those sections of religious opinion which set the purification of the temple before any question of political advantage. Certain plaintiffs to the suit proclaimed themselves dissatisfied; and litigation is still in progress.

While the Tarakeswar dispute was continuing, the Swarajists found themselves compelled to struggle for the maintenance of their position in the Bengal Council. They were assisted by the fact that the two Ministers did not command the whole-hearted support of the Muhammadan members; and that the voting was likely, under the influence of personal considerations, to take the shape of a vote of censure. But the Swarajist leaders could not feel certain of the issue; for their own entente with the Muhammadans was far from solid and was further gravely threatened by communal dissension in other parts of the country. Recourse was had to a legal quibble. When the Council met in July, the Swaraj Party lodged an application in the High Court for an injunction to restrain the President of the Council from putting a motion for a demand which had been previously rejected. An *interim* injunction was granted on the ground that no provision occurred in the rules for the procedure referred to. Government were prepared to contest this decision; but the immediate situation was altered by the action of the Government of India in framing

The Ministerial Salaries.

convicted in the Benares Conspiracy Case in 1915, and again in 1925 for the dissemination of a seditious leaflet entitled "The Revolutionary"

Jogesh Chatterji was arrested in Calcutta in October 1924, and dealt with under the Bengal Ordinance. Among the papers found on his person at the time of his arrest were found certain manuscript documents which revealed the places in the United Provinces where branches of the Hindustan Republican Association had been organised. It is an interesting fact that the dissemination of "The Revolutionary" was generally largest in those places where branches of this Association existed.

The Police quickly realised that the Kakori dacoity was a political crime and the investigation was consequently narrowed within certain limits, a proceeding which rapidly led to results. A number of persons were arrested who included several former members of an old revolutionary gang which had its headquarters at Mainpuri in the United Provinces.

Some of the arrested persons were Bengalis domiciled in the United Provinces, and one of them Govinda Kar, an ex-revolutionary convict, had recently arrived in the United Provinces from Bengal, apparently to carry on the work which had been started by Jogesh Chatterji. The connection between the United Provinces and Bengal was further established by the arrest of an absconder in the Kakori Case named Rajendra Nath Lahiri, with other revolutionaries, in a house at Baranagore, a suburb of Calcutta, where bomb-cases were found. Some of Rajendra's associates on this occasion were afterwards responsible for the brutal murder of Rai Bhupendra Nath Chatterji Bahadur, Superintendent of Police, in the Alipore Jail, Calcutta.

On the completion of the preliminary enquiries 28 persons were sent up for trial. The case against two of these accused was subsequently withdrawn, two approvers were granted conditional pardons, and three others were absconding. Of the 21 remaining accused two were acquitted, three were sentenced to death, one to transportation for life, one was allowed bail on account of illness and not then tried and the remainder received various terms of imprisonment varying from 5 years to 14 years.

During the course of the trial of the main case, two of the absconders, Ashfaquallah and Sachindra Nath Bakshi were appre-

before it to satisfy itself of the propriety and reasonableness of the recommendations; but would none the less be prepared, if recruitment were stopped outside India, to consider the alleged grievances of the present incumbents of the Services and to recommend such measure of redress as a Committee elected by the House might recommend. A long debate lasting over three days resulted. With the exception of the European elected members, and of certain Independents, the majority of non-official opinion in the House showed itself hostile to the recommendations of the Lee Commission. Many members disclaimed any desire to be unjust to the services; even admitting that they thought it probable that some financial relief was required. They emphasised, however, the fact that the material upon which the findings of the Commission were based was not before them. Several members also urged a wider standpoint. The Swarajist leader, in particular, maintained that the present constitution of the Indian services was an anachronism; and that Government was attempting the impossible task of working a reformed constitution by means of an unreformed administrative machine. He condemned the concentration, in the hands of administrative cadres, of the control of policy; asserting that it lay with the legislature to define the power of permanent officials and to lay down the conditions of their recruitment, and to define the policy which they must execute. The Government case was strongly put forward by Sir Alexander Muddiman, Sir Charles Innes, Sir B. N. Sarma and by Sir Basil Blackett. Certain representatives of European non-official opinion gave stout support. The liberal implications of the Lee report were emphatically pointed out; the necessity for financial relief under existing conditions was carefully demonstrated; and the value of the work performed in India by the administrative services proved by many a practical example. Nevertheless, Pandit Motilal Nehru's amendment was carried by 68 votes to 46. This verdict was reversed by the Council of State; which after a lengthy discussion and the rejection of several amendments passed the Government resolution without division.

On another occasion also the Legislative Assembly displayed a disposition to challenge the proposals of Government. We have already noticed the appointment of a Taxation Enquiry Committee, the scope and functions of which have been described in

culatation of such literature in this country the hand of Indian malcontents in China has not infrequently been discernible

Indigenous Communism, as represented by the so-called Communist Party of India, seems to have made little appreciable headway. The meeting of the chief representatives of the Party with Mr Saklatvala, M P , in Bombay in January 1927, is reported to have earned them the contemptuous denunciation of the latter on account of the Party's ill-defined position, with the result that the Indian Communist Party so-called is believed to have forfeited the moral and financial support which has been extended from outside quarters to other forms of Communist activity in India.

The concluding words of the foregoing paragraph lead naturally to the mention of other events which mark a new departure from the methods previously pursued by Moscow's agents in India. To take the effect before the cause, the visible results have been the formation, at least in Bombay and Calcutta, of new 'Workers and Peasants' parties, which, unlike the Indian Communist Party, seem to enjoy both the approval and support of Communists outside India, notably the Communist Party of Great Britain. The formation of these new bodies followed closely upon the appearance in India of one George Allison *alias* Donald Campbell, who is known

lication of this attitude is to be found in the manner in which the resolution for the separation of railway from general finances was received by the Assembly. Since this proposal emanated from Government it might well have been supposed that the Swarajists as a party would exert their utmost influence to secure its rejection. This, however, was not the case. The Swarajists joined with the Independents and the elected Europeans in criticising the terms of the resolution from a practical standpoint; in urging such modifications as seemed to them desirable; and in labouring for the establishment of the convention upon the soundest possible lines. Further, despite the controversial nature of many of the questions debated during this session, the personal relations between members of Government and members of the opposition were noticeable. On occasion members of the Nationalist party were to be found in the Government lobby, as though no insurmountable obstacle divided one side of the house from the other. There was a distinct tendency towards co-operation, wherever co-operation seemed to advance the interests of India or the aspirations of the educated classes. In short, the policy of uncompromising obstruction found little favour with the non-official side of the House during this session.

While the Legislative Assembly was actually sitting, public attention was diverted from politics to the subject of communal dissensions. We have already referred to the unfortunate atmosphere, characterising the beginning of the year 1924. As the months went on, the tension became increasingly serious. Relations between Hindus and Mussalmans became acute in several Provinces.

Communal Dissensions: Fresh Outbreaks.

In Bombay and Madras, communal feeling was not marked; although in Sind material for a dangerous situation perhaps exists. In the Central Provinces, in Bengal, in Behar and in the United Provinces, the intercourse between the two communities was marked by growing acerbity. In the Punjab, the situation was dangerous. During the early months of 1924, the communal press on either side indulged in an orgy of abuse. To such heights did this proceed, that in June even Mr. Mahomed Ali openly pressed Government to take action against the flood of securrility. The local Governments were keeping a close watch on the press throughout and trying to check these excesses by criminal prosecution where circumstances allowed; but the situation did not improve. In the

CHAPTER VIII.

Dyarchy and Nation Building.

Those Departments of Government which were transferred to the control of provincial ministers by the rules made under the 1919 Act are often called "the nation-building departments" When it is known that these include local self-government, medicine and public health, practically every form of education, co-operative societies, agriculture, and the development of industries, it will be seen that the description "nation-building" is not unjustly applied to them These vital departments of government, it must be clearly understood, are now controlled in every province by Ministers responsible to the provincial legislative councils and dismissible by these if they forfeit their confidence We have already seen that it is inevitable that the influence of ministers should be felt even in the administration of the "reserved" departments since the numerous activities of the provincial governments cannot be kept entirely within water-tight compartments, but in this chapter we are to study the working of the most important of the "transferred" departments, that is, those departments in which the control of responsible ministers is direct and subject to only a few necessary safeguards designed to prevent a deadlock or a breakdown in the administration machine It is worth noticing at this point that the term "Dyarchy" has now acquired a restricted meaning and when used in conversation or in newspapers and on platform signifies the administration of the "transferred" departments So, when it is said that dyarchy has failed, what is really meant is that the achievements of ministers in the "transferred" departments have from one cause or another not been all that was hoped when the reforms were started, it does not mean that dyarchy has made it impossible to maintain law and order or to carry on the ordinary administration of the provinces effectively, for, as we saw in the previous chapter, this is not so The provincial governments have throughout continued to function and to function efficiently in the midst of circumstances hostile to orderly government almost without precedent in the history of British India But before we proceed to examine in detail the work of the "transferred" departments, it may be as well to remind the reader of all but insuperable obstacles which lay in the

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unity between the two communities, dissensions shortly manifested themselves; and only at the cost of infinite patience and labour were a series of resolutions drafted and accepted, laying down the basis upon which the problem of communal dissensions might be approached. These resolutions proclaimed it to be improper for any person to consider his religious feelings as a law unto his own hands. All religious arbitration and failure of religious unity were to be based on the basis of religious unity.

**Achievements of the
Unity Conference.**

the law into his own hands. All differences should be referred to arbitration and failing that, to the courts. The universal toleration of religious beliefs, and freedom of expression and practice, with due regard to the feelings of others, was proclaimed. Upon the crucial question of cow-killing a resolution was passed admonishing the Hindus of the impossibility of stopping the practice by force alone. Muhammadans were advised to exercise their rights with as little offence to the Hindus as possible; while the Mussalman leaders of the Conference personally pledged themselves to do everything in their power to reduce the number of cows annually slaughtered. Other resolutions discouraged the practice of disturbing rival communities by music, calling to prayer and the like without regard to conflicting susceptibilities. The conference also established an All-India Panchayat of 15 persons, including Christians and Sikhs as well as Hindus and Muhammadans, whose task it was to appoint local Panchayats for the purpose of conciliation between the two communities. Unfortunately, the Unity Conference has produced little practical result and the All-India Panchayat seems still-born. This, however regrettable, is hardly surprising. The atmosphere amidst which the deliberations were conducted was ill-suited to any clear-cut remedy for the Hindu-Mussalman problem. It seems difficult, however, to deny that the solution of this vexed question must ultimately lie along the lines laid down at the Delhi Conference. Meanwhile, Government themselves had not been idle. It is the every-day endeavour of the Administration, as has been pointed out elsewhere, to maintain a working understanding between communities such as the Hindus and Muslims.

Official Policy.

been pointed out elsewhere, to maintain a working understanding between the two communities such as will operate to prevent riots and disturbances. But despite the best efforts of the authorities, the fact remains that in India, communal disturbances represent an imminent peril against which no degree of vigilance and foresight can effectively provide. No measures, whether legislative or executive, can be expected to produce any immediate effect

Hence their procedure was, necessarily, not uniform. Where they discovered fragments of the old-time machinery, they used them readily, but, in doing so, were obliged to alter their character. Their pristine isolation had to go and definite relations with the superior administration had to be established. To do this it was necessary to make village officials salaried servants of the State, and, at the expense of ancient communal ideals, to regularise their functions. But where the old institutions had disappeared completely (and such was generally the case), this course was impossible, and new organisations had to be built up *ab initio*. Hence, broadly speaking, local self-government, as we know it, may be said to be a purely British product. It is partly a measure of decentralisation, partly a process of education, and thus, to some extent at least, alien to the spirit of the people.

In 1882, Lord Ripon's government made an attempt to convert these local institutions into school-houses for full self-government. They issued a resolution declaring that their object was to train the people in the management of their own affairs and that political education should, as a rule, be given preference over departmental efficiency. This well-meant effort did not produce the results for which the Indian Government looked. It was inevitable that the infant local bodies should be at first under official guardianship and thus the growth of initiative and self-reliance among those for whose benefit the system was devised, was slow, and this lessened the attractiveness of the new bodies for public-spirited men.

A material advance was made in 1918, when the Central Government promulgated fresh general instructions for the development of local self-governing institutions which reiterated the principles enunciated in 1882, announced a policy of gradual removal of all unnecessary official control, and demarcated the spheres of the State and of the local organisations. Hardly had these principles been implemented when the inception of the Reforms handed the control of local self-government over to responsible Ministers. As a result the development of these organisations has been greatly stimulated.

activity; and a handicap that the Swarajists, in common with other political parties, failed entirely to overcome.

For the rest, the party of Mr. C. R. Das and Pandit Motilal Nehru displayed no symptoms of inanition. After the rejection of the ministerial salaries in Bengal, the Swarajist group in that province proceeded to organise themselves to take full advantage of the new prestige they had acquired. Mr. C. R. Das announced a programme of educating first the electorate and then the masses, so that a consistent demand might be formulated for India's right for early self-government. At the same time, negotiations were initiated between Mr. Gandhi and the leaders of the Swaraj party with a view to explore the possibility of creating an atmosphere in which a united Session of the National Congress might be held at Belgaum. It is not clear how far these negotiations had proceeded, when an event occurred which for the moment introduced a considerable change in the current of Indian politics. As has been recounted elsewhere, the growth of revolutionary crime in Bengal had for some time been causing the authorities much anxiety; and on October 25th Lord Reading published Ordinance No. I of 1924, establishing a summary procedure of arrest and trial before Special Commissioners of persons whose

The Swarajists in the Autumn of 1924.

Local Government was satisfied to associations whose object was revolutionary crime. In so doing, however, he reiterated his belief in political advance, and his determination to see that the progress of the country was not retarded by threats of violence. Now, among the persons arrested as a result of this Ordinance, were certain members of the Swaraj party in Bengal, including the Executive Officer of the Calcutta Corporation. The Swarajists naturally seized the political opportunity which thus presented itself. They claimed that the Ordinance was directed against themselves, and was aimed at the suppression of legitimate constitutional activity. They called upon all other parties to suspend their differences and to rally to the support of political liberty. The sensation which was caused by the publication of the Ordinance was considerable; it was widely condemned and many sections of political opinion, which were far from sympathising with Swarajist tenets, declared their readiness to make common

The Bengal Ordinance alters the situation.

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Response of the Swarajists.

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floated for such objects as housing schemes, the abolition of slums, the provision of open spaces, the alignment of streets, and the segregation of offensive trades, and evidences of progress are not wanting

From the facts and figures cited, it must be evident that a very real advance has been made in de-officialising local institutions and opening them up as fields for popular initiative and enterprise. A review of local self-government institutions as a whole reveals the prevalence of certain general tendencies. The enhanced powers of local legislatures in these organisations is reflected in increased activity in the organisations themselves. The non-co-operation movement hampered progress in local bodies to a great extent, but as Mr Gandhi's ban did not extend to them non-co-operators became members in many places. Here and there the non-co-operation members subordinated their political views to their municipal or boards duties, but in other places, notably in Bihar and Orissa, they carried their politics into the municipalities and district boards. Keen interest is taken in municipal elections in many parts of India, and Municipalities contain a gratifying proportion of well-intentioned, zealous, and energetic members. But the new and necessary relations between Municipal Commissioners and the electorate has one disadvantage. As the former look to the latter for election, they often show a tendency to shirk measures which though excellent in themselves might prove unpopular, particularly when they entail expense.

District Boards too focus a good deal of interest. Land owners and men of property find in them a natural field of public service and elections for these bodies are now more lively, and on the whole members take their responsibilities more seriously and work better than they did in the past. There are, however, some notable and unhappy exceptions.

Both Municipal and District Board activities were handicapped not a little by the financial stringency of the early years of the Reforms. In addition to the shortness of funds and the general high level of prices, they were called upon, with the withdrawal of official control, to meet extra expenditure on services which used formerly to be rendered gratis by Government servants belonging to other spheres. They naturally endeavoured to economise, but their efforts only led to a lowering of efficiency. Moreover, in the first flush of enthusiasm, they had devoted their energies mainly to ambitious

should be altered to the contribution of 2,000 yards of yarn every month. This clause was, however, modified by the proviso that those who could not or would not spin, might purchase the necessary amount. By this agreement the Swarajists gained a decisive victory over Mr. Gandhi, for the whole Non-co-operation programme was suspended, except in so far as it related to the refusal to employ foreign cloth. The Swaraj party were recognised as the Congress representatives in the Legislatures, Central and Local; while the spinning franchise was so altered as to present no obstacle to those who had little faith in khaddar and the spinning wheel. The success of the Swarajists in bringing Mr. Gandhi to an agreement upon their own terms encouraged them to summon an All-Party Leaders' Conference. Such a Conference would set the seal upon their new position; and might also secure the support of other political parties. So great was their prestige, that there seemed at least a prospect of forming a new and united opposition to Government, in which the party itself would take the lead. Mr. Gandhi published a series of statements in which he emphasised the necessity for the course which he had adopted, principally on the ground that the political situation required unity at almost any cost. When invitations were issued to the All-Party Leaders' Conference, a large number of the more important sections of Indian opinion announced their willingness to attend. The European Association, however, declined the invitation; stating that until the Congress was prepared to make an effort to direct public opinion against the growing cult which adopted the non-co-operation policy, it could take no part in deliberations of the nature suggested. But the Liberals, the Independents and the adherents of Mrs. Besant's National Home Rule League believed that the projected conference might serve a useful purpose. Dislike of the Ordinance was general among these sections of opinion; although Mrs. Besant had herself supported it. The recent abandonment of the Non-co-operation programme by the Gandhi-Das-Nehru agreement, led the Liberals and the Independents to hope that the Congress and the Swaraj party might now be willing to work along Liberal lines for Dominion Home Rule. They sincerely hoped that it might be possible for them to rejoin the Congress. Mrs. Besant's organisation, which has for some time been working at the formulation of a

tem for district and local boards also. In Assam an important measure, called the Assam Local Self-government (Amendment) Act, has become law during the year. Its main object is to modernise the constitution and administration of local boards, and it provides, among other things, that the chairmen of local boards shall normally be elected by the boards themselves and it also increases the elective element in the latter. Further, it provides for the taxation of vehicles using the roads and for the erection of toll bars on pucca or metalled roads, empowers the boards to levy taxation on an extended scale and increases their authority to deal with infectious and contagious diseases. Many provisions of the existing law have also been modernized and official and external control has been reduced to the lowest possible extent. Another important measure has passed into law during the year under the title of the Assam Rural Self-Government Act. This Act provides machinery which will enable villagers to undertake as far as possible the management of their own affairs and to develop a capacity for self help. It aims at the creation of "Village Authorities" elected by the villagers themselves for the execution of certain easy and simple duties including those connected with water-supply, roads, drains, jungle clearing, medical relief and sanitation. If the experiment proves successful, it is intended ultimately to transfer more important duties to the "Village Authorities". A general Village Development Fund as well as separate village funds for each village are to be established and "Village Authorities" have been empowered to raise money for executing any specific work of public utility, though no power of general taxation has been conferred on them.

We may now glance quickly at the work of local self-government in the different provinces during the year 1925-26, *i e*, the last year for which the provincial reports are available.

In Madras, the administration of both municipalities and local boards seems on the whole to have been satisfactory. The number of local boards increased during the year as also did the number of their elected and non-official presidents. One hundred and sixty-nine secondary schools with over 34,000 pupils and 12,705 elementary schools with over 700,000 pupils were maintained by the local boards at a net cost to them of 22 lakhs of rupees, out of a total cost of 88.8 lakhs, the balance being provided by the provincial government or by fees and other receipts. The local boards maintain 109 hospitals and 513 dispensaries, at which over 22,000 in-patients and

party arranged to hold its meeting at Belgaum; but subsequently complained bitterly of the neglect which it encountered from the delegates of the Indian National Congress. The proceedings of the Congress were not particularly remarkable.

The Belgaum Congress. Mr. Gandhi's presidential speech gave, as might have been expected, no very clear lead. Certain points of his proposals, including his advocacy of a manual work qualification for political franchise, and his offer of a fully guaranteed status to all Indian Princes, were unfavourably received in various quarters. The representatives of other parties, such as Mrs. Besant herself, who had been encouraged to rejoin the Congress and attend the Belgaum meeting by the abandonment of the Non-co-operation programme, were considerably disappointed. Mrs. Besant found that the Congress had not changed; and that little support was forthcoming for the projected Commonwealth of India Bill which her organisation had prepared so carefully. The most important business transacted by the Congress was, in fact, the formal adoption of the pact between Mr. Gandhi and the Swarajists. It was pointed out by various speakers that this entailed conferring on one single party a monopoly of Congress representation in the new Legislatures; but the Swarajists were sufficiently strong to carry the proposal. It was noted by several observers that the Belgaum meeting of the Congress was distinguished by an immense preponderance of Hindu delegates; and that the sessions of the Hindu Maha Sabha, held at the same place, excited at least as much attention and interest as did the delibera-

Communal Influences. tions of the Congress itself. The resolutions passed in the Maha Sabha were more or less on the old lines, and dealt particularly with the need for developing Hindu solidarity, power and discipline. The tendency of the Hindus and the Mussalmans respectively to concentrate their energies upon the institutions in which their community possesses a preponderance of strength, received remarkable illustration by the proceedings of the Khilafat Conference, which was also held at

The Khilafat Conference. Belgaum. The members of this Conference belonged principally to the party which believes in political advance on Congress lines; but the President, in his opening address, took up an uncompromisingly pro-Muhammadan attitude. Islamic solidarity was attested by a number of resolutions dealing with external affairs, which displayed great

ity and interference of the provincial government is reported to be defiant. The condition of the municipalities in the province seems to be, if anything, worse than that of the local boards, as the following extract from the provincial administrative report for 1926 will show —

“Municipal administration in the province with a few exceptions is in a deplorable condition. Apathy, neglect and faction have brought the majority of towns into discredit. Patna City is one of the worst. Bad administration caused such discontent among the ratepayers that an agitation was set up for the separation of Bankipore from the eastern area, but when an election took place only from seven to twenty per cent of the voters recorded their votes in the wards. The Patna City Improvement Trust which was formed by Government with a substantial grant, having mismanaged its affairs for several years, was wound up and its properties made over to the control of the Collector. The main roads have fallen into such a state that as an act of grace Government have taken over five of them, while the condition of the drains is so bad that the Director of Public Health has been ordered to prepare a scheme to improve the main outfalls. Meanwhile, the municipal commissioners maintain a complacent attitude and consider there is no need for extra taxation. Darbhanga, the second largest town, is in a state of chaos owing to neglect and speculation. The ordinary measures of conservancy and sanitation have not been taken, with the result that plague and malaria are rife in the town. Monghyr, another large town, and Motihari, a smaller district headquarters, were little better, while many of the smaller and remote municipalities are in a pitiable condition. Fortunately there are a few bright spots which show that there is nothing inherent in the law, the people or the financial limitations under which these bodies work, which must lead necessarily to these scandals. Gaya, which a few years ago was in the slough of despond, owing to the energy and resource of its chairman is now reorganised, with a satisfactory water supply and sanitary system, good roads and the early prospect of an excellent market and electrification. Chapra, with an equally good chairman, has also made substantial progress, and there seems no reason why other towns should not follow these examples. To assist rehabilitation Government has decided to advance loans to help municipalities to meet the capital cost of large works of public utility, when funds are available, at the low rate of four per cent.”

Defence, any additional expenditure requiring the consent of the Legislature. He proposed the gradual placing of the Indian Army and the Indian services upon an Indian footing, with guarantees for the position of the present European incumbents. Foreign relations he desired to see transacted upon an Imperial basis, with Indian representation upon any body hereafter constituted from representatives of the Dominions. As his contribution towards the solution of Hindu Muslim differences, he urged the institution of mixed electorates and the satisfaction for an initial period of special claims. The continued adherence of the Liberal party to the lines of procedure which they had ever steadily advocated, was confirmed by the passing of resolutions pledging the party to work for responsible government on Dominion lines; stating that reunion with the Congress was only possible if that body stood for the acquisition of Dominion self-government by constitutional methods; and attacking the compromise by which Swarajist members of the new Councils were considered the sole accredited spokesmen of the Indian National Congress in those organisations.

It is to be remarked that both in the Indian National Congress and in the Liberal Federation, the Bengal Ordinance was severely condemned; and the objection of educated India to procedure of the kind employed by the executive strongly emphasised. At the same time revolutionary crime was denounced as infructuous and harmful. In the Muhammadan Conferences the question excited far less interest. There was indeed condemnation of the Ordinance; but it was plain that the Muhammadan community, as represented in these gatherings, was little concerned with anti-revolutionary legislation.

At the beginning of the year 1925, the Swaraj Party found themselves in a position of apparent strength. Their recent concordat with Mr. Gandhi, confirmed as it had been by the Belgaum Congress, considerably enhanced to their prestige. They had also

The Swaraj party in
the new year.

been able to attract to themselves a large measure of support from other political sections in their opposition to the Bengal Ordinance. On January 7th, Government introduced into the Bengal Council the Bill which was necessitated by the approaching expiry of the

Strength.

Ordinance. Lord Lytton placed the situation before the Council in a most powerful

A noteworthy feature of the year was the progress made in the creation of new Union Boards, the number of which rose from 1,500 in 1924-25 to 2,217 during the year under review. In some places, however, opposition was encountered as Union Boards are still often looked upon merely as an engine of increased taxation. After the Union Boards had paid the charges for the upkeep of their establishments and the collection of their revenues, they were left with only 5 lakhs to spend on communications, medical aid, education, water supply and sanitation, and it is desirable that the scope of the Union Boards should be extended and that they should be given more generous help by grants-in-aid.

The development of local self-government in Bengal is faced by a very great difficulty in the shape of inadequate finances. Union Boards have the powers to raise by taxation whatever finances they require, but as district boards are not in this fortunate case, their present revenues barely suffice for their most elementary necessities and leave nothing for constructive work. If the work of the district boards is to progress, some method must be found of increasing their incomes either by raising the statutory limit at present imposed on the rate of road and public works cess, or by substituting some form of local taxation which will apply to agriculturists as well as to non-agriculturists and will take the property and circumstances of individuals rather than the annual value on lands as the basis of assessments. The average incidence of cess is at present less than three annas a year per head and it will hardly be denied that there is some scope for increase in local taxation.

The work of district boards in the United Provinces suffers from the same financial stringency as in Bengal, but the possibilities of increasing local taxation here seem to be less than in the latter province. In about 30 out of 48 existing boards recurring expenditure exceeds the recurring income, and it seems likely that even if additional local taxation is imposed to the highest level possible additional revenues so obtained will suffice only to maintain the existing system of administration. The provincial administration report complains that although the members of district boards in the United Provinces are drawn from the most public spirited men of their constituencies, these tend to concern themselves more with minor questions of administrative detail rather than with the broader aspects of their work. A hopeful sign, however, is that public interest in district board affairs is beginning to awake and when interest has

office. This took the form of a demand that the Party should enter in Ministers "to wreck from within."

Acceptance of office? In the Central Provinces, this proposition was openly canvassed. But such a *volte face* was too dramatic for the Swarajist leaders; and the Central Executive of the Party firmly declared that the original ban against the acceptance of office remained unaltered. Nevertheless, now that the non-co-operation campaign has been formally suspended, it seems distinctly possible that the Swaraj Party may eventually modify their opinions in this important matter. It is plain, on the whole, that the intransigence which once characterised them, is disappearing. They are no more friendly to dyarchy than when they commenced their campaign for Council entry; but they are now opposing it from within, rather than from without, the constitution. Once they come to believe that they can hasten the dawn of responsible Government by declaring their readiness to accept office, they may conceivably make yet another departure from the programme which they originally laid down for themselves. For in India, as elsewhere, the political situation changes rapidly; and while consistency of principle is to be commended in a political party, consistency of tactics may in certain contingencies produce stagnation. However, for the present at least, the Swarajists state that they will not themselves accept the task of forming a Ministry, nor will they, so far as they are able, permit any one else to do so. On the 17th February, the Bengal Legislative Council, which seems to have been somewhat apprehensive lest the Province should finally lose popular control of the Transferred subjects, passed a resolution recommending Government to make provision in the budget for the salaries of Ministers. This was a heavy blow to the Swaraj Party. Their defeat seems due to the secession of certain of their Muhammadan allies. The reverse was only temporary. Two Ministers were duly appointed; but on 23rd March in the course of the budget discussion, their salaries were rejected by 69 votes to 63. It is stated by several observers that the voting on this occasion was largely dominated by personal considerations; and that a number of members who had previously voted for the revival of the Ministry on principle, were disappointed at the choice made by the Governor of the persons to occupy the Ministerial office. However, this may be, the Trans-

Defeat and Victory in the Bengal Council.

Opinions on the value of the village panchayats are diverse. In some districts panchayats are condemned as an anachronism of little practical use, while in others, efforts are being made to establish one in every village. On some points, however, there is general agreement. The object of the Village Panchayat Act was to revive the old village council for the settlement of village disputes. The figures show that a large number of cases are being decided by the panchayats. But at the same time the ordinary criminal and civil litigation continues to increase, and it is a question whether, by affording more facilities for petty litigation, the Act has not contributed to the growth of an evil which it was intended to check. On the other hand there is reason to believe that by providing the village money-lender with an inexpensive means of recovering his dues and so increasing his sense of security, panchayats are having the effect of reducing the local rates of interest. The chief difficulty is that of finding *panches* who command the respect of their fellows. Faction and intrigue make many panchayats incapable of useful work, but where care is exercised in the selection of the *panches* very satisfactory results have been achieved.

It is in administration that the chief utility of the panchayats must be sought. They have done much in matters connected with petty village improvements and can do more still to further the causes of sanitation and co-operative credit. But they need encouragement and although there are some who admit the comparative failure of panchayats and attribute it to the fact that the official hand is too much in evidence both in the appointment of *panches* and in their supervision, there is little doubt that the success or failure of the movement varies directly with the interest or indifference of the district staff.

The process of weeding out unsatisfactory panchayats in the United Provinces has been practically completed and the total number of panchayats in 1925-26 rose to 3,948 while the population affected by them increased by two and a half millions to eight millions.

In last year's report reference was made to the reconstitution of municipalities and district councils of the Central Provinces under the Municipalities Act, 1922 and the Local Self-government Act of 1920 respectively. During the year 1925-26 this reconstitution was completed and all municipalities and district councils are now con-

duct of the administration. They were also ready to carry against Government resolutions embodying the general outlook of the educated classes as opposed to that of the executive. But they would not join obstruction for obstruction's sake. This attitude was the more effective in that, as we have already seen, the Swarajists themselves were far from retaining their former faith in the efficacy of the wrecking policy. Henceforth, on those few occasions when they attempted to carry it into effect, they found that the Independents were not prepared to join them. Thus the tendency to discredit this policy was strengthened, for it is perfectly obvious that a minority, unless placed in the very exceptional position of holding a balance of parties, cannot obstruct effectively against the will of the majority. One result of these factors was the evolution in the Legislative Assembly of two clear-cut groups in place of the former Nationalist Party.

**Party Politics in the
Assembly.**

These groups showed no reluctance to coalesce in opposition to Government upon particular

questions; but during the Delhi session at least they were clearly divided upon the policy of obstruction. To some extent, therefore, Government were onlookers. They suffered it is true a number of defeats upon important matters. But upon a very large number of other questions, they found the House prepared to take a reasonable line; and if they could expect no support from the Swarajists, they would often get it from the Independents, and *vice versa*. In consequence the atmosphere of the Assembly during the budget session of 1925 was most animated. The voting no longer represented in all cases the automatic recording of a suffrage against Government proposals irrespective of their merits. Each of the party groups took its own line; and was in no way deterred from entering the lobby by the accident that it might be found voting upon the side of Government. Withal, the general tone and temper of the debates was admirable: and even when controversial subjects were discussed, little bitterness was manifested. There was plenty of hard hitting on both sides of the House, but acid speeches were rare. In which connection, tribute must be paid to the work of the European non-official members, whose influence was generally thrown into the task of tempering the class of opinions. Humour was conspicuous in the handling of the thorniest questions; and when the debates descended from a dignified level, it was in the direction of hilarity rather than acerbity.

panchayats of their powers for improving sanitary conditions and generally increasing the amenities of village life. In urban areas communal rivalries had an unfortunate effect on the administration, and the report of the Local Audit Department revealed the continuance of a very unsatisfactory state of affairs in respect of many sides of municipal government. In small towns little was done to improve conditions: committees were slow to impose taxation and loth to enforce its collection when imposed, with the result that large arrears were outstanding at the end of the year.

The brief sketch contained in Chapter III of the conditions under which so many of India's millions live will enable the reader by inference to understand something of the formidable character of the problems which face the Ministers who are responsible for the public health of their provinces. The distribution of the population of India, general poverty and backwardness in education make it inevitable that all improvement in sanitary conditions should be almost entirely the work of the state. Climatic and other natural conditions render the people of India prone to many devastating epidemic or contagious diseases which have been stamped out in more fortunate countries. Certain diseases like malaria, hookworm, and kala azar are endemic in many parts of the country and although these are all preventable their prevention requires an amount of labour, financial expenditure and determination which, in existing circumstances, can hardly be looked for from the people themselves. *Municipalities and other units of local self-government* are taking an increasing share in this work not only by providing medical relief but also by undertaking schemes for water supply and by instructing children and parents in elementary notions of hygiene. But in addition to adverse natural conditions, social religious customs, and superstition place obstacles in the way of the sanitary reformer. As we so often find in other matters, what in the west is one problem tends in India to become a number of inextricably interwoven problems each one having its roots deep in traditional usage or religion. Progress therefore in this country is necessarily slow and made against greater obstacles and with greater expenditure of money and labour than elsewhere. Yet in spite of all these things it cannot be contested that conditions of public health improve in India if not from year to year, at any rate from decade to decade. Since the regular census in this country was started half a century ago, the population has grown ste The

subsequently rejected by the Council of State. On the other hand, another measure of Mr. Patel which was designed to deprive Americans and Colonials of their present privileges in respect of criminal trials, encountered a curious fate. On the motion of Mr. (now Sir) D'Arcy Lindsay, an elected European Member, its consideration was adjourned *sine die* by 44 votes against 42. The attitude taken up by Government, that retaliation of such a kind was neither wise nor honourable, found support among certain members of the Independent Party; and the Swaraj motion in support of the Bill was accordingly defeated. Nor was it always the Independents who exercised their right of voting on the side of Government when they thought fit. The Swarajists themselves were found on occasion in the Government lobby. A conspicuous example of this fact was

H. S. Gour's Supreme Court Resolution.

his resolution for the constitution of a Supreme Court in India. The Government and the non-official Europeans opposed; and found support from the leader of the Swaraj Party. On the other hand the Leader of the Independent Party supported it strongly. The resolution was eventually rejected by a large majority, the Swarajists voting with Government. Two days later, on the 19th of February, the Swarajists and the Independents made common cause against the Treasury Benches. Mr. Venkatapati Raju moved a resolution urging the immediate establishment of a Military College in India. We have already noticed in a previous Chapter certain characteristics of this debate; and it is sufficient here to state in passing that both the Swarajists and the Independents vehemently pressed upon Government the necessity for rapid Indianization of the Army. In the event, an amendment to the amendment proposed by Government, which was put forward by Pandit Madan Mohan Malaviya, asking for a Committee to report on the steps to be taken for the establishment of a Military College; to determine whether such an institution should supersede or be supplemented by Sandhurst and Woolwich; and to enquire at what rate Indianization should be accelerated so as to attract Indian youths to a military career, was adopted by a large majority against the opposition of Government and the elected European members.

1924 indeed in the United Provinces the number of deaths from this disease increased to 12,020 in 1926 (the latest figure available) as compared with 9,373 in 1925 and 2,724 in 1924. In Bihar and Orissa too the number of deaths from small-pox doubled. Like cholera, small-pox epidemics recur in cycles of years, a cycle being completed in from 5 to 6 years. Here again the Health staffs were very well prepared and there is no doubt that but for their efforts the number of deaths would have been considerably higher than they were.

There was also a very satisfactory falling off in the number of deaths from Plague in 1925 in all provinces except Bombay. In this province while the number of deaths from cholera and small-pox fell, those due to plague rose to 12,601 in 1925 from 9,214 in 1924. In Bengal the number was only 9, as compared with 35 in 1924, and in Madras it fell by 50 per cent.

It would be interesting to know the number of deaths from year to year from Malaria, Kala-azar, and, perhaps, also Beri beri. But these figures are not available for India as a whole, they are merged with the general head "fevers". In Bengal, however, where the figures for malaria and Kala-azar are separately stated, they show that the ravages from Kala-Azar are still on the upward trend, for they rose to 16,766 in 1925 as against 9,997 in 1924 and only 1,552 in 1921. Of course, the increase in figures is certainly due, to a great extent, to better registration and more careful diagnosis but it is also more than probable that the actual mortality from the disease was much more than that recorded.

The deaths in Bengal from malaria numbered about 500,000 and was 66 per cent of the total mortality. Though owing to mistaken diagnosis many deaths from other febrile diseases must have been included in them, it is unquestionable that malaria still remains the greatest scourge of that province.

The healthiness of the year under review may be largely attributed to the work of the Health Departments which were well prepared to meet epidemics by taking precautionary measures, to the various Health Organisations, which are devoting themselves to impressing upon the common folk in rural areas where the death rate is higher than in towns, the need for cleaner and more hygienic methods of living, and lastly to improvements in sanitation and purer water and food.

last few days—and he attacked Government for refusing the Swarajists' demand for a Round Table Conference. A number of Independent members supported the Pandit's motion, though not on the grounds which he had put forward. Mr. Bepin Chandra Pal supported the Minority report of the Muddiman Committee while condemning the Government for its general policy in regard to constitutional advance. Mr. Rangachariar and Mr. Jinnah particularly raised the question of the Indianization of the Army, attacking the administration for its tardy response to Indian demands. Pandit Madan Mohan Malaviya raised the issue of Kohat, charging the local officials with callousness and demanding an independent enquiry. His points were promptly controverted by Mr. Denys Bray, the Foreign-Secretary, who strongly repudiated the charge, and declared that Mr. Malaviya had done a great disservice alike to his co-religionists and to the cause of peace in the country. Indeed the danger of introducing such a debatable issue became apparent from the element of bitterness which found its way into certain subsequent speeches. The Home Member, replying on behalf of Government, confined his remarks principally to the constitutional issue and regretted that Government were not in a position during the present session to put forward their considered conclusions upon the Reforms Enquiry Report. In the event, after an interesting debate, Pandit Motilal Nehru's motion was carried by 65 votes against 48. On the other hand, the votes for the Governor General's Household allowance and for the Army Department, both of which the Swarajists were anxious to reject as a form of political protest, were carried by Government with the help of the Independents. When the Finance Bill came up for consideration, the Swarajists again raised a political discussion; and Mr. V. J. Patel opposed consideration on the ground that Government continuously flouted public opinion. Mr. Jinnah, on behalf of the Independents, agreed with Mr. Patel in condemning the policy of Government, but refused to weaken the constitutional protest already recorded by making it again. Other members took the opportunity provided by the discussion to criticise particular aspects of Government policy, Sir Purshottamdas Thakurdas, in particular, making a vigorous attack upon the manner in which the Government had handled the exchange question. The Finance Member received support from Dr. L. K. Hyder. But the Independents, while they expressed with frankness their views upon the

sion outside Bombay City, despite financial difficulties, the Government of Bombay have made provision for the construction of laboratories at Poona and Ahmedabad, and very extensive additions and alterations to the civil hospitals associated with the schools. They have also been taking steps to extend the existing facilities for special subjects and services.

In order to improve the nursing service the provincial Governments are considering the engagement of a literate class of ward attendants to do duty where trained nurses were not available. A village aid scheme is making satisfactory progress and 30 village school-masters, who have received a course of training in first aid and the treatment of simple ailments, are now established in villages with 1,000 to 1,500 inhabitants. A proposal to subsidise private practitioners to induce them to settle in the districts was also considered during the year, but could not come to fruition for want of funds. With the exception of 1922, 1926 was the healthiest year since 1887 in Bombay. A fall in the actual number of deaths occurred under practically all the separate major headings of causes of death. As compared with the preceding year "intestinal diseases" showed a reduction of 29 per cent, "fevers" 15 per cent, "other causes" 12 per cent and "respiratory diseases" 9 per cent, while the chief epidemics—cholera, small-pox, plague, influenza combined showed a reduction of 37 per cent. Only plague showed a slight increase and but for this, the total death rate would have been lower even than in 1922. The most noticeable feature of the year was the almost complete absence of cholera, only 57 deaths having occurred throughout the presidency.

Owing to more favourable economic conditions in Bengal there was an improvement in the condition of public health in 1925. Following upon the favourable health and economic conditions of 1925, the births recorded during the first nine months of 1926, showed a considerable increase. Though the infantile mortality increased in 1926 the general mortality of the province fell. There was a greater prevalence of kala-azar and more widespread epidemics of cholera and small-pox. The death rate from small-pox in 1925 showed an increase of 233·3 per cent over the figure of the previous year and of 17·6 over the decennial mean, and continued unabated in 1926. The mortality, however, was little more than half of what it was in the previous outbreak—a result which is undoubtedly due in large measure to the strenuous efforts to improve the organisation

operation forthwith. The Assembly session thereafter came to an end.

During the Delhi session, the Council of State discharged important functions as a revising chamber, although its activities were not such as to commend themselves in all cases to the majority sections of the Assembly. The Council rejected Mr. Neogy's Bill to prohibit the reservation of Railway compartments for different races; it re-inserted an important clause, thrown out by the Assembly, in the Provident Funds Bill. On the other hand, it earned the gratitude of a large number of persons by aiding the Assembly to fix the salt tax at a figure which permitted financial relief to the Provinces. It would be a mistake to suppose that the Council of State invariably endorses the stand point of the Executive Government. While unquestionably more conservative in its outlook than the Assembly, it does not hesitate to carry resolutions against the official vote when circumstances dictate such a course. A conspicuous example was provided by the passage, against Government opposition, of Sir Devaprasad Sarvadhikari's motion for a committee to report upon the obstruction to the flow of Ganges water below Narora, caused, to the inconvenience of pilgrims, by irrigation works.

We have already noticed that during the Legislative session, the report of the Reforms Enquiry Committee was published. This document excited particular interest, since **The Muddiman Report.** it was coupled, in popular estimation, with the announcement that Lord Reading had been invited to England to confer with the new Secretary of State for India, Lord Birkenhead. Much speculation was aroused. Vocal Indian opinion, both within and without the Legislature, expressed great disappointment on the cautious suggestions put forward in the majority Report, at the same time urging the Viceroy to exert his influence in favour of the Minority proposals. The Swaraj Party, which had remained ostentatiously aloof from the enquiry, found little to approve in the recommendations of either half of the Committee; but other sections of educated opinion warmly commended the ideas put forward by the Minority members.

Other projects of constitutional reforms were also in the field. We have noticed Mrs. Besant's attempts to attract support to her

tion and the provincial government sanctioned 1 lakh of rupees for anti-malarial work in rural areas during 1926-27. The special staff deputed for plague duty in 1925 carried out research work throughout 1926. The Indian Research Fund Association sanctioned two grants of Rs. 20,000 each for plague and cholera research. The number of inoculations against plague continued to rise and pulse inoculation to anti-plague mews is beginning to disappear. The partial apathy of district boards towards vaccination is reflected in the continued increase in the number of deaths from small-pox. Nevertheless, nearly 1½ million persons were vaccinated in 1925-26 and the provincial lymph depot at Patna Dangar issued lymph sufficient to vaccinate a million more. The principal fairs of the province were supervised by the Public Health Department and neither in 1925 nor in 1926 were they the focus of any serious outbreak of epidemic disease. The number of districts which have adopted the district health scheme rose to 17 during 1926 and others are waiting for the necessary funds.

The engineering section of the Public Health Department was chiefly occupied with the problems of municipal water supply and drainage. Improvements to the water supply at Agra, Allahabad, Cawnpore, Lucknow, Haridwar, Mussoorie and Dehra Dun were completed or were under construction during 1926. A sewage disposal scheme at Muttra and a flushing scheme at Moradabad were also completed. Proposals for sewerage and sewage at Allahabad, Benares, Cawnpore, Lucknow and Naini Tal were under consideration. The temporary water supply for pilgrims to the Magh fair at Allahabad was successfully maintained. At the end of 1926, the Department had works to the value of Rs. 32 lakhs under construction in addition to works estimated at Rs. 20 lakhs which were being carried out by local bodies under the supervision of the Department. Projects to the value of Rs. 102 lakhs were completed or were being prepared during the year. The Board of Public Health made grants of over Rs. 11 lakhs and sanctioned loans of nearly 13 lakhs during 1926.

The campaign against leprosy and tuberculosis was continued. The accommodation at the King Edward Sanatorium at Bhowali was enlarged to 80 beds in 1925 and the provincial Government sanctioned a scheme for the establishment of tuberculosis dispensaries in the plains for the treatment of the disease in its early

session of the Legislative Assembly. During the remainder of the year, the relations between the Shiromani Gurdwara Prabandhak Committee with its militant arm, the Akali Dal, and the Government continued to be strained. A number of Jathas were successively despatched to Jaito, none of which, however, emulated the aggression of the first. The members were peacefully arrested and confined in jails in Nabha State. As the year proceeded, the moving spirits of the Prabandhak Committee apparently found it more and more difficult to collect recruits. A sense of discouragement thereupon set in, as it was realised that neither the religious nor the political aims of the Sikhs were likely to be attained by direct action. Towards the end of the summer of 1924, the more sober-minded sections of Sikh opinion slowly asserted themselves. The Akalis began to lose their prestige; and symptoms of discord appeared between the Shiromani Gurdwara Prabandhak Committee and the Akali organization. The Punjab Government, of which Sir Malcolm Hailey was now the head, took every opportunity to emphasize the attitude which they had throughout adopted. They made it clear that the authorities desired to help the Sikhs in the reform of their shrines by passing legislation which should secure freedom from abuses. But they emphatically asserted that no one section of the Indian population could be allowed to take the law into its own hands, whether it was animated by religious or by other motives. As a result of this endeavour of the Punjab Government to elucidate the real position, the party of moderate Sikhs was encouraged in its intention of embarking upon propaganda, favouring a settlement with the authorities; and towards the end of the year 1924, discussions were taking place as to the principles which should underlie legislation acceptable to all parties. As a result, a private member of the Punjab Legislature has introduced a Bill which, if passed, may go far to settle the religious grievance. But it is generally understood that the Akali Dal is putting pressure upon the Shiromani Gurdwara Prabandhak Committee to obstruct the settlement until all the Akali prisoners arrested for their defiance of the law have been released. Early in 1925, some excitement was aroused by allegations that numerous Sikh prisoners, who had been released from the Nabha Jails after making apology for their defiance of the regulations, had been in the first place grossly maltreated in order to induce them to recant. Charges of

energetic measures taken by the provincial Government against epidemic diseases and particularly against cholera, which has to some extent been brought under control. The most remarkable proof of this is provided by the history of an outbreak of cholera which occurred during the Rathjatra festival at Puri. Cases of cholera when Puri is crowded with pilgrims have always resulted in heavy mortality, for travellers returning to their homes carry the infection far and wide throughout India. This year, however, owing to vigorous sanitary precautions, few deaths occurred, and no instance was recorded of a second person's contracting the disease at the same lodging house. A public health cadre has now been constituted which means that there will be of regular medical officers in permanent employ, a circumstance which cannot but strengthen the defence against epidemics.

The engineering staff had to be increased and was mainly engaged on the water supply and sanitary installations on the extension of the Patna Bankipore water supply. During the year under review progress was also made with the improvement of supplies of drinking water in both urban and rural areas. In 1925-26 grants of about 4 lakhs of rupees were made for this purpose and district boards have been called on to prepare regular programmes. Large grants have also been made for the building and maintenance of dispensaries in rural areas.

With a medical college and two medical schools the province was in a position to train most of its own doctors. Facilities for treatment of all kinds are being rapidly extended. The Indian Mental Hospital at Kanke was ready for occupation at the end of 1925, and all the patients from Patna, Berhampur and Dacca were transferred there in January 1926. The Radium Institute continues to attract patients from all over India. Buildings for a child welfare centre are being constructed at Patna and funds for the establishment of a sanatorium for sufferers from phthisis at Itki have been voted by the provincial Legislative Council. Existing hospitals are being improved, notable instances of this process being the provision of an independent water supply and modern apparatus for the X-Ray Department of the Patna General Hospital, the extension of the Cuttack General Hospital, the completion of the maternity ward at the Puri Pilgrim Hospital, and the addition of a female ward to the Purnea hospital.

Loans raised in England (Half-yearly Parliamentary Paper).
 Loans raised in India (Half-yearly Parliamentary Paper).
 Mint Reports for Calcutta and Bombay.
 Paper Currency Department Reports, India and Bombay.
 Statistics compiled from the Finance and Revenue Accounts.

Land Revenue, etc.

Land Revenue Administration: Provincial Reports for Lower Provinces (Bengal, Bihar and Orissa, Assam), United Provinces, Bombay Presidency (including Sind), Punjab, Central Provinces and Berar, Burma and Madras.
 Report on Land Revenue Administration, Land Records, Settlement Operations, Alienation of Land Act, etc., for North-West Frontier Province.
 Madras Survey, Settlement and Land Records Department Report.
 Reports of Land Records Department for Bombay, Burma, Bengal, United Provinces, and Punjab.
 Report on Settlement Operations, Punjab.
 Reports on Survey and Settlement Operations, Bengal, Bihar and Orissa, and Assam.
 Reports on Operations of the Land Records and Settlement Departments, Central Provinces and Berar.
 Report of the Talukdari Settlement Officer, Bombay.
 Provincial Reports on the Administration of Estates under the Court of Wards.
 Report on the Punjab Canal Colonies.

Separate Revenue (Salt, Excise, etc.).

Salt Department Reports: Northern India, Madras, Bombay, Sind, Bengal, Burma, Bihar and Orissa.
 Excise Report for each Province.
 Report on the Operations of the Opium Department.
 Stamp Department Report for each Province.
 Registration Department Report for each Province.
 Income-Tax Report for each Province.

Agriculture and Veterinary.

Report on the Progress of Agriculture in India.
 Report of the Agricultural Research Institute and College, Pusa.
 Bulletins of the Agricultural Research Institute, Pusa, and of the Provincial Department of Agriculture.
 Memoirs of the Department of Agriculture.
 Proceedings of the Board of Agriculture.
 Agricultural Journal of India (quarterly).
 Reports of the Department of Agriculture for each Province.
 Reports on Agricultural Stations, Experimental Farms, and Botanic Gardens for each Province.
 Season and Crop Report for each Province.

been proved, its wider use in the treatment of this disease has been approved. There were 6,233 deaths from cholera against 19,182 in 1924. During the year two epidemic units were formed for dealing with epidemics and were found to be of the greatest value more especially in combating cholera. Proposals for increasing their number are under consideration.

Public Health Propaganda work was initiated both in schools and among the general public. Illustrated pamphlets on *kala-azar*, cholera, small-pox and malaria were distributed, and magic lanterns and sets of slides were obtained to instruct the public on the subject of these diseases.

Few will be found to deny that lack of education especially among the masses, is one of the main roots of India's ills—social, economic and political. Her comparative backwardness in nearly every sphere of human activity is traceable to this ultimate cause. On the eradication of this defect depends alike the economic uplift of her people, and the full and intelligent realisation of those ideals of nationhood and self-government so long and fervently cherished by her political leaders.

Though education has made marked and rapid progress in recent times, it still lags far behind the requirements of the country. In 1921, out of a total population of 247 millions in British India, only 22·6 millions were literate. Of this number 19·8 millions were males and 2·8 millions females. Corresponding statistics are not available for the period (1926) now under review, but others tell their own tale. During that year 10·51 millions of pupils or 4·25 per cent of the total population were undergoing instruction of some kind, 7·8 millions in primary schools, 1·72 millions in secondary schools, 29 millions in special schools, 0·8 millions in universities, and 62 millions in unrecognised institutions. These figures are bad enough, but when it is remembered that very few primary pupils proceed to the secondary stage and that those who do not have practically no opportunity for increasing or even preserving the little they have learnt in their few years at school and soon tend to lapse into illiteracy after leaving it, it must be evident that the amount of literacy among the common people is practically negligible.

But the situation among the middle classes is as encouraging as that among the poorer classes is discouraging. Secondary and

Provincial Reports on Maritime Trade and Customs (including working of Merchandise Marks Act) for Bengal, Bihar and Orissa, Bombay, Sind, Madras and Burma.

Accounts relating to the Sea-borne Trade and Navigation of British India (monthly and for calendar year).

Accounts relating to the Trade by Land of British India with Foreign Countries (monthly).

Annual Statement of Coasting Trade of British India.

Report on the Trade and Navigation of Aden.

Accounts of Trade carried by Rail and River in India.

Report on Inland, Rail-borne, or Rail-and-River-borne Trade for each Province.

External Land Trade Reports for Bengal, Bihar and Orissa, Assam, Burma, United Provinces, Punjab, North-West Frontier Province, Sind and British Baluchistan.

Indian Trade Journal (weekly).

Statistics relating to Joint-Stock Companies in British India and Mysore.

Report on the working of the Indian Companies Act for each Province.

Report on the working of the Indian Factories Act for each Province.

Report of the Chief Inspector of Explosives

Public Works.

Administration Report on Railways.

Reports on Public Works (Buildings and Roads) for Madras, Bombay, Punjab, North-West Frontier Province, and Burma.

Review of Irrigation.

Report on Irrigation Revenue for each Province (except Madras).

Administration Reports on Irrigation, Madras and Bombay.

Report on Architectural Work in India.

Posts and Telegraphs.

Report on the Posts and Telegraphs of India.

Report of Indo-European Telegraph Department.

Scientific Departments.

Report on the Operations of the Survey of India.

Records of the Survey of India.

Records and Memoirs of the Geological Survey of India.

Report of the Indian Meteorological Department.

Indian Weather Review, Annual Summary.

Rainfall Data of India.

Memoirs of the Indian Meteorological Department.

Report of the Meteorologist, Calcutta.

Report of the Director-General of Observatories.

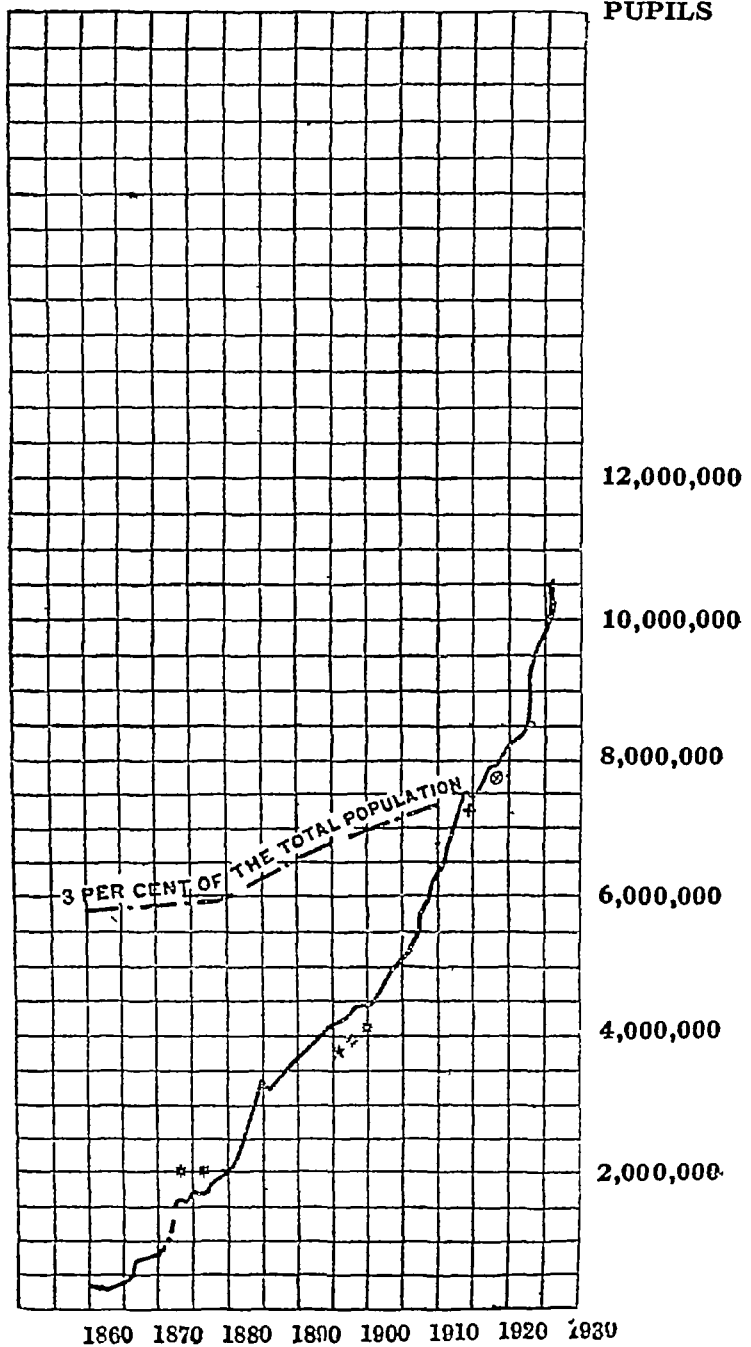
Memoirs and Bulletins of the Kodaikanal Observatory.

Report of the Board of Scientific Advice.

DIAGRAM.

Total number of pupils under instruction in India.

Famine	. . *
Commencement of Plague	.. *
Influenza	. . ⊗
Indian States omitted	+



APPENDIX II.

SPEECH DELIVERED BY LORD READING ON THE OCCASION OF THE INAUGURATION OF THE FIFTH SESSION OF THE COUNCIL OF STATE AND THE SECOND SESSION OF THE SECOND LEGISLATIVE ASSEMBLY.

Gentlemen of the Indian Legislature, it is my privilege again to extend a welcome to you who are about to enter upon the labours of the Delhi Session. Many questions of importance will come before you, and it is my earnest prayer that the results of your deliberations may prosper the best interests of India and the Empire.

I am glad to note that conditions in India and on her frontiers are at the moment favourable; our relations with our neighbours in foreign countries on our borders are most friendly; and I take this opportunity of welcoming the distinguished officers from the Kingdom of Afghanistan who are present here to witness the military manoeuvres now being held in the vicinity of Delhi. Their visit is greatly appreciated in India and is a token of the friendly and neighbourly relations which exist between His Majesty's Government and the Government of His Majesty the Amir.

Happily I am able to say that our Waziristan policy appears to be justified by the greater security of our districts and the gradual pacification of the country, though not without the regrettable loss of some valuable lives. Although in South Waziristan various difficult questions still remain unsolved, yet progress is evident. In North Waziristan we have reached pre-war stability. And with this improvement in the general situation it is well to observe that there has been a progressive reduction up-to-date in the cost of our forces employed in Waziristan.

It is a satisfaction also to record a marked improvement in India in economic conditions and trade prospects. In the first six months of the present financial year Indian imports and exports in sea-borne trade reached a total of 292 crores, an advance of 18 crores on the corresponding period of last year and of 39 crores on the figures for the same period in 1922. There are likewise clear signs of returning prosperity in internal trade; and the marked increase in gross railway receipts places beyond doubt the general revival and growth of internal trade activity. Despite damage in some localities owing to floods in the last monsoon agricultural prospects are generally good. The cotton crop is above average and the outlook of wheat and other spring crops is at present eminently satisfactory.

You have already been made aware of important changes in my Government. I shall in future have the assistance of Sir Bhupendranath Mitra and Sir Muhammad Habib-ul-lah as Members of my Executive Council, and I am confident that I shall derive the advantage I anticipate from their advice and co-operation. But changes are not confined to my Government; they

gress is being made. It is gratifying to notice also that much attention is being given to the enlightenment of the masses in general, and to that of the backward classes and of women in particular. Compulsory education deserves special mention in this connection. It had begun to come slowly into favour, before the reforms and since their inception the need for it has been more generally recognised. The popular legislatures early declared themselves in favour of the principle, but the Municipalities and District Boards at first showed some hesitation in adopting it. They seemed both to identify themselves with any coercive measures or with the imposition of additional taxation which is necessary to meet the cost of compulsion but happily this attitude is gradually disappearing and to-day we find compulsory primary education spreading over an ever-increasing area. During the period under review no less than 7·8 million pupils, or 21·03 per cent. of the population of school-going age, were undergoing primary education. Progress is still hampered by the chronic poverty of the masses and their hereditary prejudice to such innovations, but Ministers are displaying more and more courage, enthusiasm and initiative in the matter. They are closely studying the problems involved and taking such steps as seem best fitted to solve them. In particular they are gradually eliminating the old, inefficient, one-teacher village school and are endeavouring to provide the children of the agricultural classes with instruction more suitable to their circumstances. The grant-in-aid system, too, is receiving attention. Side by side with these improvements is going on a process of decentralisation of control. Municipalities and local boards are being entrusted with more and more powers and functions, and many of these bodies are exercising their increased responsibilities with care and wisdom.

The higher branches of education share with the primary stages the progress which has taken place during recent years. There is a feeling abroad that however satisfactory may be the position of secondary and university education from the quantitative point of view, from the qualitative there is much to be desired. This is especially true of secondary education, which, generally speaking, as compared with Western standards is poor and in parts ill-regulated. The methods of instruction are faulty, the staff takes little interest in its work and the ambition of the pupils is generally mercenary. Too slight attention is given to the moral, social and

the Immigration Legislation would not be placed on the Statute-book. The further restrictions then on the point of being imposed upon the immigration of Indians were accordingly removed. As regards Indian Colonisation, Mr. Thomas announced that it was proposed to reserve an area in the lowlands for agricultural emigrants from India; but that before the scheme took final shape an officer with experience of the needs of Indian settlers and agricultural knowledge would be sent to report on the areas to be offered for colonisation. Reports in regard to the areas have now been received by my Government; and we are considering the question of deputing an officer to examine these areas from the aspect of their suitability for Indian settlement. These are substantial gains and our gratitude is due to the Committee for the clarity and earnestness of their representation of the Indian point of view to His Majesty's Government. Moreover these gains are not the only advantages which accrued from their visit. A better atmosphere has been created and that wider understanding of different points of view has grown up which is the outcome of personal discussion and free and frank interchange of views.

In June last His Majesty's Government announced the appointment of an East African Committee under the Chairmanship of Lord Southborough to consider and report on certain questions regarding the administration and economic development of the British East African Dependencies. Having regard to the importance of this inquiry to Indian interests my Government made representations to secure a hearing of the Indian point of view before the Committee came to conclusions. I am glad to inform the Legislature that our representations have been accepted and the Southborough Committee will hear the opinions of Indian representatives nominated by my Government upon all matters coming within their purview.

If the pendulum has swung in the direction desired by India on these questions, the position in South Africa, on the other hand, has been less favourable. Towards the end of December news was received that the Governor General of the Union of South Africa had given his assent to the Natal Borough Ordinance. This measure, while safeguarding the rights of Indians upon the electoral roll of boroughs, will prevent further enrolment of Indians as burgesses. The serious implications of the measure on the future of Indians, who have special vocational and trading connections with the towns in South Africa, will readily be realised. From the outset the Government of India had recognised the effect this measure might have upon the position of resident Indians in Natal both as regards their civic and economic status; and my Government made strong representations to the Union Government as soon as a copy of the Ordinance was received in August last. At that time there was reason to hope that since a similar but more drastic measure had been disallowed previously by the Governor General, this Ordinance would also share the same fate; to our regret however the Government of the Union advised the Governor General to give assent to the Bill; and accordingly the measure has now become law. The situation created is engaging the most earnest attention of myself and my Government; we have lost no time in making representations to His Majesty's Government and in placing before them in

70 per cent. of the landed cost of imported steel would have been represented by the duties charged. Obviously my Government could not agree to duties on such a high scale on articles which are largely used in agriculture and many other important industries. They have, however, accepted the general conclusions of the Tariff Board, and the Legislature will be asked in this Session to agree to the grant of bounty on steel produced in India between October 1st, 1924, and September 30th, 1925. The total amount of bounty proposed is fifty lakhs, which is the sum that it is calculated the industry would receive under the Tariff Board's proposals, were the rates recommended by the Board to become fully effective. This is a very favourable interpretation of the recommendations of the Board, especially as it allows the industry to obtain the advantage of the protection accorded without waiting for sales. If the grant of this bounty is made, it should prove of material assistance to the steel industry of India in its difficulties.

You will have noticed that the policy advocated by the Fiscal Commission has been steadily pursued. The Tariff Board is now engaged in investigating the applications for protection from certain other industries, notably cement and paper. The principle has been maintained that it is right and proper that any industry which appeals to the State for assistance must prove its case in public before an impartial Board. It is only by this means that an opinion can be reached on the merits of the case and the implications and effects of a demand for protection envisaged.

It is evident from private Bills, Resolutions and questions that Members are taking a lively interest in the difficult questions of currency and exchange; and it may be of interest to the Legislature to hear from me an indication of the policy of my Government upon these problems. While internal prices in India have on the whole remained steady, there has been a considerable rise in the sterling value of the rupee during the past year, and an even more marked rise in its gold value owing to the simultaneous improvement in the gold value of sterling. Thus far during the present busy season there has not been a repetition of the exceptional stringency in the money-market which characterised this period a year ago, and I am hopeful that the assistance which my Government have been able and will be able to give in the matter of providing additional currency, combined with the improved conditions on which emergency currency can now be issued to the Imperial Bank, will enable all legitimate demands to be met without undue strain during the remainder of the season.

My Government proposes in the first place to amend the Indian Paper Currency Act so as to increase the permissible investment of securities in the Paper Currency Reserve from the present limit of 85 crores of rupees to 100 crores.

The object of this proposal is to give the Government of India increased powers to ensure the supply of currency upon an adequate scale to meet the requirements of trade and in particular to prevent undue monetary stringency in the busy season.

colleges seems to be leading to an undesirable competition for students, and, consequently, a lowering of the standard of education. The inauguration of the central Inter-University Board might provide a safeguard against this danger and it is possible that the growing tendency to specialise in the teaching of particular subjects will in the end provide a way out.

The attack on illiteracy has not been confined to the formal educational institutions. Recognising that education in the true sense, is a life-long process and that adult education is a necessity if the country is to have an electorate able to understand and properly to use the suffrage that has been conferred upon it, Ministers have been turning their attention to this important problem. The urban population presents no difficulty, for the towns offer much scope for the university extension movement. The rural population, however, are in different case and to meet their wants various measures have been adopted. One of these is the organisation of lectures on matters connection with health and welfare, another is the Night School movement, another, the device already mentioned of encouraging medical men to settle down in the villages, yet another is the establishment of village libraries and elementary literary societies. All these are yielding small but favourable results.

Of special interest is the development of women's education. Here, owing to the social customs and religious prejudices of the great majority of the population (Hindus) the difficulties are especially great. The demand for such education has hitherto been very small and this is the first and greatest obstacle. Another obstacle is the serious dearth of women teachers, who alone may undertake the instruction of their illiterate sisters. A handful of enlightened individuals, it is true, defying caste, precept and ancient usage have insisted on the education of their womenfolk. But the sum total of these efforts have hitherto been almost negligible. Recently, however, many hopeful signs have appeared. The growing enlightenment of the people is tending to breakdown the old prejudices. Women themselves seem less satisfied with the customary illiteracy of their mothers and grandmothers. Female education and co-education in the primary classes are growing in popularity; schools and colleges for women are on the increase, women are being encouraged to take up physical training, games and vocational.

of a new policy. In their judgment there is much to be gained by postponing an inquiry till those factors on which any decision must rest are less fluid and obscure. But they anticipate that if the movement towards more stable conditions, which has lately manifested itself, continues the appointment of such a Committee should be possible not later than 12 months hence.

In view of the opinion expressed in the Assembly regarding the need of an economic inquiry, my Government has decided in consultation with the Secretary of State to appoint a small Committee to report on the material which exists for holding an inquiry into the economic conditions of the people of India, the feasibility of instituting an inquiry of this character and the manner in which it could be carried out. Meanwhile the Taxation Committee have begun their labours.

It may also become necessary for my Government to introduce to the Legislature a measure to define the powers of the High Court in relation to tribunals and proceedings under the special Bengal Criminal Legislation. You are aware that His Excellency the Governor of Bengal has exercised the powers conferred upon him under the Government of India Act and has certified and signed the Bill. I take this opportunity of stating that His Excellency's action in this respect has my full approval, and that I shall support both him and his Government to the extent of my powers in meeting what I regard as a serious emergency. Inasmuch as I have decided to reserve the Act for the signification of His Majesty's pleasure, I do not now propose to discuss its detailed provisions or the Bill which my Government may eventually seek to introduce should His Majesty in Council signify assent to the Bengal Criminal Law (Amendment) Act. Nevertheless, as this legislation had its origin in the Ordinance, which I as Governor General in the exercise of the special responsibilities laid upon me promulgated, let me refer to certain aspects affecting the issue of the Ordinance.

Very full explanations have already been given to the public.

In spite however of the full ventilation which the question has received, some important aspects of it appear to be still clouded by the mists of misapprehension in the minds of some sections of the public; and the necessity both of my action and of the course adopted by the Government of Bengal has repeatedly been challenged.

I shall not travel again over the ground covered in my Calcutta speech. As the result of the public discussions it is now admitted on all sides, even by the most convinced opponents of special measures and special legislation, that a terrorist movement exists in Bengal, and that widespread conspiracies for violent crimes have been established. The objects which these conspiracies have in view as a result of their crimes are also not disputed. It has been proved by sad experience that the ordinary law, even when reinforced by the use of Regulation III in cases to which it can be applied, is ineffective to stop the movement or even to check its growth; and that the progress of the movement involves loss of life not only among officials, but among innocent citizens unconnected with Government or with the activities of any political party.

the opening of Group 1 of the Intermediate course to the students of the Government Muhammadan College, Madras. The conference of officials and non-officials on secondary education, which was referred to at page 167 of last year's report, appointed by the provincial Government was still considering the reorganisation of secondary education and their report was not complete at the end of the period under review.

The development of Moplah education continued to occupy attention and a special Assistant to the District Educational Officer in Malabar was sanctioned for a period of one year for the purpose of dealing with problems connected with this subject.

In Bombay, for the first time in its history, the number of pupils in recognised educational institutions exceeded one million, the exact number being 1,037,061. There was an increase of 557 in these institutions which now number 14,371. The percentage of the male population attending schools rose from 8.11 to 8.56 and of the female population from 2.14 to 2.25. Out of a total of 26,731 towns and villages 10,237 possessed schools, the average area served by each school being 12.1 square miles. The total expenditure on public instruction amounted to Rs. 376½ lakhs, or Rs. 37½ lakhs more than in the previous year. The Bombay Government continued to bear the greater part of the cost, their contribution being 51.1 per cent, whilst that of municipal and district local boards amounted to 20.8 per cent of the total. Nearly half of the expenditure, Rs. 181 lakhs, was absorbed by primary schools.

Progress under the Primary Education Act of 1923 is slow and none of the local authorities extended compulsory primary education during the year under review. Steps, however, have been taken in this direction by three district local boards and six municipalities who have formulated schemes and submitted them for consideration to the provincial Government. On secondary schools the expenditure amounted to over Rs. 70 lakhs, a rise of more than Rs. 4½ lakhs over the previous year.

In Bengal, it will be remembered, the administration of the transferred departments, which include education, was temporarily assumed by the Governor from the 13th June, 1925. The year 1925-26 was one of relative opulence for Bengal and the progress in educational matters which had marked the few previous years was consolidated and extended. Expenditure on education increased by

determine whether the Ordinance should issue, it is for the Executive to assist in administering its powers. Moreover, I have during my term of office learnt to value the advice of the Members of my Council, and I have always derived the greatest help from their considered opinions. I therefore consulted them. I am well aware that I am taking a wholly exceptional course in giving you this information, but I do it advisedly after careful thought. The whole question was then studied in all aspects by the members of my Government, both Europeans and Indians, who arrived at a unanimous conclusion that the Ordinance was the only remedy available. The situation was then laid before the Secretary of State including the proposals for the promulgation of the Ordinance. The whole matter was submitted to careful examination by Lord Olivier and His Majesty's Government as then constituted. They agreed with the course suggested as the only possible method of dealing with the dangers facing the peace of Bengal. You will thus observe that my action was not only due to my personal conviction of the necessity for it, but that the view taken by me, and also by His Excellency the Governor of Bengal, has the support and approval of high and experienced authorities, both European and Indian, and was approved by the then Secretary of State.

I have already explained elsewhere why the Members of the Legislature were not consulted in September last. It has since been urged that the Legislature should have been summoned again before I took the step of promulgation. In my judgment this course was neither in the circumstances, desirable, nor indeed was it possible, if the means devised were to prove effective. The responsibility was of a nature which could not be shared, and it would not be right or proper for me to try to share it with you or to place it on your shoulders. Consultation with the Legislature would have meant publicity. The aim was to prevent crime and to paralyse the activities of the conspiracies. Past experience in the Government of India and the conclusions of the Rowlatt Committee point to the fact that to check conspiracies of this nature with success two features are essential. In the first place, the organisations must not know that general action of a special nature is under contemplation against them; and, in the second place, the method of working and the sources of information must not be endangered directly or indirectly. Any rashness or carelessness on these points may make future action entirely fruitless and completely nullify the object to be secured. If discussions in this Legislature had taken place, these conditions could not have been fulfilled and the Ordinance would have proved futile as a remedy for the disease.

There is, I regret to say, a tendency among some sections of public opinion in India to confuse all administrative acts with influences having reactions on desires for political progress. The repression of violent crime has, however, no affinity with the treatment of aspirations for advance. They have no resemblance in kind or degree and they are phenomena existing on entirely different planes.

Terrorism no doubt may sometimes batten on a section of political thought. It may expand like some foul parasite-growth deriving strength from living sources outside its own entity. It may flourish for a time in this conjunction

the province was literate and in 1924 only 12·5 per cent of the children of school-going age (20 per cent of the males and 4·9 per cent of the females) were attending school. Without considering the project for establishing free and compulsory primary education, which would cost not less than Rs. 2 crore a year, for the revenues of the province are really inadequate for carrying out the present

peace of Kohat; and until each party could itself testify that the heart had been cleansed from rancour, there could be no basis for permanent good-will in the future. I understand that the settlement has been well received by the two communities at large, and I trust that I may now hear that active steps are being taken towards the end which I and my Government have so much at heart—a restoration of that harmony and neighbourly relations between Hindu and Moslem which had long been in existence at Kohat. I know that I shall carry the Members of the Indian Legislature with me when I express the most earnest hope that this settlement may prove an enduring restoration of peace and good-will between the two communities at Kohat. I trust I may not be taking too optimistic a view when I express the further hope that the present high state of tension in the relations between the Hindu and Moslem communities in different parts of India may be relieved, and that more friendly relations between them may ensue. I need not assure you that I and my Government have observed with the deepest concern the lamentable series of riots and disturbances which have resulted in so much loss of life and property and, what is perhaps even more deplorable, so much exacerbation of old animosities. We are profoundly impressed by the necessity of taking all possible action to relieve this atmosphere of tension and to avert or mitigate the disorders which it unfortunately generates. I know that these views are shared to the full by all Local Governments. Nevertheless, I deemed it proper some time ago to invite their close and earnest attention to these matters, and I have every assurance that no effort will be spared by them or by their officers not only to avert temporary or local causes of trouble or to minimise its results, but steadfastly to promote permanent mutual relations of harmony and good-will. I am equally confident that all enlightened members of the communities affected equally deplore and are equally concerned in reconciling these unhappy communal dissensions. They will recognise with me that on a solution of these difficulties depend not only the present peace and prosperity of India, but also her future progress. I readily acknowledge that strenuous efforts have already been made, and are still being made, by leaders of Indian public opinion to establish more harmonious relations between these communities. I cannot too strongly affirm that this object is constantly and sincerely sought after by all responsible public authorities in India; but no measures, legislative or executive, however ingeniously devised, can be expected to produce immediate effect on the ancient and deep-rooted cause of these troubles. They can only be removed by the growth of a spirit of toleration and enlightenment. It cannot be denied that these animosities are a serious hindrance to the promotion of unity of aim in India, and that these quarrels and disturbances must inevitably retard political progress. Whatever differences may divide us in India, we must all agree that every effort should be made to prevent the recurrence of these communal troubles. In this field we can, and should, co-operate, and I trust that all members of these two communities and others, who are moved by humanity, public spirit and patriotism, will join with me and the responsible authorities in India in earnest efforts to promote this spirit of larger tolerance and conciliation. If this object could be attained, the distance along the road to political unity

APPENDIX III.

SUMMARY OF OPINIONS OF THE PROVINCIAL GOVERNMENTS RECORDED BY THE MAJORITY SECTION OF THE REFORMS ENQUIRY COMMITTEE.

The Madras Government report that the transitional constitution has worked with a considerable measure of success in Madras. Some progress has been made towards the understanding of the system of parliamentary government both by the representatives returned to the council and by those who exercised the vote; political education has begun, and the population, both urban and rural, has become more articulate and to some extent more conscious of the meaning and value of the vote. It cannot be said that there are yet apparent signs of the division of parties according to political principles apart from the communal question and perhaps the theory of indiscriminate opposition to all proposals of the government. Even among the politician class the formation of independent groups is not so much due to differences of political principle as to communal considerations or the personal influence of individuals. Among the general body of the electorate personalities count more than principles. There is no lack of general political 'planks' in election manifestoes, but it is difficult to discern differences such as indicate in more politically advanced countries the real existence of political parties. The Ministers at a time of grave unrest have been able to steady public opinion and feeling, and their moderation has enabled them to refrain from rash and doctrinaire experiments. It is probably too soon to speak of the result of the changes as affecting the various branches of the administration, though probably the standard of efficiency in some departments has been lowered. The Governor in Council concludes that, if an earnest endeavour to work on constitutional lines is a qualification for political advance, the Madras Presidency has shown itself fitter for an advance than any other province. The Madras Ministers, however, attach no importance to minor alterations of the Act and Rules, and they insist that there should now be a complete transfer of all provincial subjects. The Governor in Council is inclined to doubt whether opinion in favour of complete transfer is as unanimous as the Ministers have been led to believe, and he is not prepared to agree that the time for it has yet come.

The Bombay Government say that there were no organized parties in the first council, and that therefore there could be no organized support of the Ministers. In the present council the Swarajist party is the only non-official party united by bonds other than communal. It is the strongest in numbers but does not command a majority, and it is pledged to a policy of refusal of political responsibility. The Ministers were therefore necessarily selected from the smaller groups, and this is the first and most im-

expenditure by the provincial Government and partly to a growing desire for education among the rural population. For four years in succession an extra recurring grant of about Rs 5 lakhs has been divided each year among local bodies and substantial capital grants were made both in 1925-26 and 1926-27 in order that district boards might make experiments with a cheap but durable type of building. New programmes for the expansion and improvement of primary education have been prepared and the orders passed on them by the Government of Bihar and Orissa lay down the general principles on which boards should locate schools, the rates of pay for Gurus, the number of each type of schools required for each district, etc., but leave the actual location and administration of them to the boards themselves. The government authorities remained responsible for training teachers and inspecting schools and, during the year under review have been considering a scheme for improving training schools. The reorganisation of the inspecting staff has now been completed. Deputy Inspectors have been appointed to all the remaining outlying sub-divisions and the two inspectresses of schools replaced by a Deputy Directress responsible for advising the Director on all matters concerning the education of women and girls. Assistant Inspectresses have been increased to 9 and the province is now divided into 9 circles for this purpose. This increase of the inspecting staff is expected to give a much needed impetus to female education.

The total number of pupils in the Central Provinces rose from 362,153 to 377,983 and this increase was shared by all classes of institutions except the professional colleges and high and special schools for girls all of which showed a slight decrease. There was also a decrease in the number of pupils attending unrecognised schools.

The condition of primary education is still not altogether satisfactory because the management of vernacular schools is chiefly in the hands of local bodies and the efficiency with which the schools are administered varies in different districts. Out of an expenditure of Rs 31 60 lakhs on vernacular education, the Provincial Government contributed Rs 15 85 lakhs.

Progress in compulsory education continues to be slow. In secondary education, however, the year was one of marked development. In high schools the number of pupils increased from 4,172

country. In the first council progress was made and some solid achievements were recorded. The Ministers also were able to influence a sufficient number of the members to make it possible, with the aid of officials, to carry through a considerable amount of useful legislation. The second council contains a large and influential body belonging to the non-co-operation party which is pledged to prove that the present constitution is unworkable. This body was joined by the independents, and the combined party commands more than 60 votes in a House of a total strength of 140. The majority of the educated classes in Bengal desire provincial autonomy as early as possible, and the difference between the two sections is merely one of method. The Swarajists, as a branch of the non-co-operation party, are fully prepared to use such weapons as social boycott and are not above resorting to methods of terrorism, while the more cautious section of the educated classes stand to incur unpopularity if they even appear to support government. It is therefore not unlikely that at the next general election there will be a return of an absolute Swarajist majority which may take office with the avowed intention of wrecking the government from within. The constitution therefore requires to be specially considered from the point of view of giving the executive power to deal with obstruction. Apart from certain alterations to meet difficulties in the working of the Act and rules the Governor in Council would strongly oppose any attempt to modify the constitution or to alter the existing arrangements as regards reserved and transferred subjects.

The Government of the United Provinces say that it is constantly alleged by their enemies and critics that the reforms have failed. They say that, if this means that the constitution has definitely broken down, the statement must be emphatically denied. Since the collapse in its original form of the non-co-operation movement the internal conditions of the province have steadily improved, and, except for the tension between Muslims and Hindus, there is now nothing to cause its government serious anxiety. Forty-seven millions of people are living peaceably under an ordered and progressive administration and are probably more prosperous than their predecessors have ever been. The reformed constitution has failed to satisfy both the Swarajists and the Liberals, and this constitutes the principal cause for anxiety. The Governor in Council cannot, however, admit that the attitude of the educated classes is the sole test by which the reforms must be judged. He is fully alive to the difficulties and defects inherent in or arising out of the present constitution; but he believes that they lie in directions, and that they point to conclusions, very different from those which its critics have in view when they ingeminate its failure.

The division of subjects into reserved and transferred was in practice far from complete. On the reserved side the Governor has in the last resort power to enforce his views, but the constant exercise of the power would force a deadlock, and the Governor in Council has often therefore to defer to the wishes of a legislature which is inexperienced and liable to be influenced by

Views of the United Provinces Government

Continuation of views of the United Provinces Government.

these industries are handicapped by the inability of the individual artisan to employ travelling agents as they should be employed or otherwise advertise his wares, by his inability or unwillingness to use the best materials or tools, by his indifference to the desirability of making suitable improvements, and by his indebtedness to the village moneylender. It is here that organisation ought to, and has, stepped in but not yet to the extent that is necessary. Societies of all kinds are springing up in different parts of the country to encourage small industries, and there is every reason to suppose that their efforts will bear good fruit. But one of the great needs is a central trading organisation. Such an organisation is necessary to connect isolated and unrelated cottage industries, to bring to notice the difficulties regarding supplies of capital, and otherwise to secure co-ordination and co-operation, where necessary, for popularising the cottage wares and for introducing them to suitable markets in this country and outside. Something has been done in this direction by the United Provinces Arts and Crafts Emporium at Lucknow and a similar emporium at Lahore, but these are not enough. Improvements in co-operative methods are essential if cottage industries are to be benefitted to any considerable extent, for co-operative organisation, if efficiently carried out, removes many of the economic disadvantages inherent in the small industry. Wherever such industries are suffering, the main cause is the lack of convenient credit. The poverty of the artisan classes in India is proverbial. Not only are they unable to effect sale of their goods on account of their poverty, but the very quality of their wares suffers on account of their financial condition. Most artisans are hopelessly in debt and thus have to work largely to order. This means that the middle men who place the orders with the producer, and who are anxious only for their own immediate profits, and have no interest in the beauty and excellence of the products, encourage the production of plain, cheap utilitarian work. There are three ways in which co-operation can relieve India's artisan classes (1) by providing loans on small interest, (2) in the purchase of raw materials and tools and appliances used in handicrafts, and (3) in the sale of the finished article. There is no doubt that a great future lies in front of India's cottage industries if only these methods of co-operation can become firmly established.

The need for establishing technical schools and altering the educational programme in the primary and secondary classes so as

outdistanced both in wealth and education and fear Swaraj will mean a Hindu rule. The more farseeing politicians see that without a genuine union Swaraj is impossible, but there are few signs of a common patriotism capable of dominating sectarian animosities. In the legislature well-organised parties (except for the Swarajist) are non-existent; the interplay of personal factors is incessant; and the formation of stable combinations is impeded by the cross divisions of race, religion and interest. There is no large body of impartial opinion upon which the Minister can rely, and he can rarely take a strong line in opposition to any substantial or clamant section. In short, though this is certainly not surprising, neither the principle of responsibility to the electorate nor the principle of party cohesion has been established in any strength. These are the real obstacles to any rapid political advance, such as the Indian Nationalist desires, and they cannot be removed by any alterations in the details of the Act or rules. The Governor in Council says that dyarchy is obviously a cumbrous, complex, confused system, having no logical basis, rooted in compromise and defensible only as a transitional expedient. It is, however, not an accidental feature but the very essence of the policy deliberately embodied in the Act and the rules framed thereunder. The difficulties and defects inherent in it are quite incurable by any mere alteration of the Act or rules. The utmost such changes could do, if the structure of the constitution is to be maintained, would be to oil the wheels of the constitutional machinery.

The Governor in Council concludes that the answer to the whole enquiry may be summed up in the statement that there is no halfway house between the present and the new constitution. He expresses no opinion on the demand for the latter, but he is clear that concessions which fall short of complete provincial autonomy will placate no section of the opponents of the existing system; that they will secure neither stability, nor contentment; and that they will lower the efficiency, already impaired, of the administration.

The Punjab Government point to the difficulties which faced the authors of the reforms scheme owing to the division of India into areas widely differing not only in social and temperamental characteristics, but at markedly different stages of political development. At the inception of the reforms the Punjab was an area in which administrative considerations must have appeared to the great mass of the inhabitants to outweigh those connected with political developments.

The executive government was absorbed by pressing administrative problems arising from the rapid material advance of the province. These changes in the conditions of life reacted politically in two directions:—

- (i) in the sentiments of apprehension and even hostility entertained by the agriculturists against the monied and urban interests which tended towards the organisation of prejudices and interests and therefore to form a basis of political parties; and

- (ii) in the intensification of thought on religious or communal lines.

- (ii) the loss of efficiency due to the increasing financial difficulties of officers and to the decline of enthusiasm owing to the removal of much interesting and constructive work from the hands of the District Officers to, for example, local bodies.

In both these causes the reforms must take their share.

On the transferred side the experience gained has not been sufficient to afford confirmation of any feeling that deterioration has taken place. The executive remains the same as before the reforms. The main criticism which is made against the departments administering the transferred subjects is that the Ministry of Education has subordinated the interests of its departments to the support of the communal interests of Muhammadans. It was not unreasonable that the Minister should attempt to secure definite opportunities to the community which constitutes his chief support in the council. The further progress of the tendency must, however, be watched with some care in the interests of the reforms. All communities feel that it is incumbent on them to strengthen and consolidate their own position in anticipation of the possible withdrawal of British authority. In the long run, however, nothing is so likely to produce failure in the working of representative institutions as the inopportune and inconsiderate use by one community of its voting power over others. For the moment, there is every justification for the attempt of a majority community, backward in education and political status, to raise itself to the level of its rivals. Real harm will only be done if that community passes from the constructive task of securing its position to the destructive process of denying equal opportunities to other communities.

Turning to other points the local government say that whatever feelings may be entertained in political circles in favour of the development of "provincial autonomy"—the implications of which have been so little explored or understood—few acquainted with the administrative needs of the country will contest the need for central control in all essential matters. The difficulties in this respect have been due rather to the application of the control than to the principle. So far as internal affairs are concerned it has been impossible in practice to treat the formal division of subjects between reserved and transferred as constituting clear cut spheres of work. In the Punjab, for example, the transferred subjects of "Religious and Charitable Endowments" and "Excise" have been found to be intimately connected with the reserved subjects which are usually referred to under the comprehensive title of "Law and Order." The dyarchical scheme necessarily contains anomalies, and it cannot be contended that the Punjab offered a really suitable field for the introduction of a divided responsibility. So far Ministers willing to co-operate with the executive have been found who have been supported by a party which has not attempted to force them into an extreme position. In other circumstances the complications arising from the reaction of transferred on reserved subjects might constitute a serious danger to the administration. The main object of the present discussion is not the establishment of provincial autonomy. An impartial observer might reasonably object to the transfer of any

given to enable young men to obtain training in other parts of India or in the coalfields of the province. Meanwhile the advisory and development work of the department is being gradually placed on a satisfactory footing. The engineering staff under the Industrial Engineer is getting into closer touch with small capitalists and is becoming more and more competent to act as consulting engineer for the various small industries of the province. The organisation of the textile branch is also nearly complete. The province has been divided into ten circles, each in charge of a demonstrator who conducts peripatetic demonstrations of improved appliances. These parties are based on the Cottage Industries Institute which carries out experiments in its various sections, arranges for the supply of looms, dyes, accessories, etc., and introduces new cloths and new patterns among the weavers. Similar services for the silk industry are performed by the Bhagalpur Silk Institute, while the experimental blanket factory at Gaya is attempting to do the same for the primitive blanket industry in the south of the Patna Division.

Since 1920 the Provincial Government have maintained a separate Industries Department whose chief aim is to act in an advisory capacity to small capitalists and to improve and develop cottage industries. After agriculture, hand-loom weaving is the most important industry in Bihar and Orissa. According to the last census there were 165,592 handlooms at work and of these 131,000 were in British India. On the average 20 million pounds of *Indian* yarn is imported annually and it is calculated that it is woven on handlooms into cloth worth nearly 5 crores of rupees. In 1920 one-sixth of the cloth worn by the people in the whole province was hand woven. There is also an important silk weaving centre at Bhagalpur. The Silk Weaving Institute there has achieved great success in introducing new kinds of *silk yarn* for use by the Bhagalpur weavers who formerly used only *tassar* and wove plain silk cloth or a mixture of cotton and silk called *Bafta*. The Institute has developed the use of mulberry, *eri* and *muga* silk, and has produced a number of charming designs in coloured silk. A trade in this product is being slowly built up both in India and abroad, while a large number of fly-shuttle looms are now being used in Bhagalpur town. Local demonstrations are also conducted in various parts of the province of the methods of sericulture, and particularly of the advantages of *eri* silk production as a cottage industry. The

the electorate which has to be overcome. The candidates have attributed to their opponents responsibility for raising the price of post-cards, salt, oil, cloth and all the other necessities of life; they have promised to effect a millennium of no rent and no taxes; and they have exploited the superstition of the masses in regard to the colour of the voting boxes.

Turning to more general questions, the Bihar and Orissa Government include amongst the causes which have contributed to the non-success of the reforms the failure to create a Ministerial party prepared to support the Ministers in carrying out a definite programme. The constitutional structure has been borrowed from England, but the foundation essential to carry it is lacking in India. This has made the position of the reserved side particularly difficult. The council still remains divided into two parties, officials and non-officials. Where the issue is not an anti-government one, Ministers have their following in council, but they cannot bring this to bear on political issues and cannot therefore assist government in times of difficulty. Another cause is the general political inexperience of the country and the reluctance of the average Indian members to face personal opposition or unpopularity.

In conclusion the local government say there is very little that can be done to smooth the working of dyarchy or to eliminate the different administrative imperfections. If a further step is contemplated, on what grounds is it to be taken? If the object is to pacify at all costs our clamant critics the few minor remedies suggested will not influence them one jot or tittle; they will be satisfied with nothing less than the disappearance of dyarchy and the substitution therefor of provincial autonomy.

The Central Provinces Government say that the value of the experiment in responsible government during the first council was weakened, firstly, by the lack of connection between the members and their constituents; secondly, by the absence of any party organization which would have made the responsibility of Ministers to the council effective; and, thirdly, by lack of funds. The fair measure of success in the working of dyarchy which was achieved was due partly to the moderation of the council and partly to the efforts made to work the scheme by the Members of Government and the permanent services.

The basis of the reforms was the gradual training of the electorate by the exercise of responsibilities proportionate to their capacity for the time being. The political education of the electorate must be a slow and difficult process, and in the Central Provinces the education given to it during the first council was very small indeed. At the second general election Swaraj was put before the electorate as a vague millennium. The Swarajists made no attempt to explain their policy of obstruction to the bulk of the voters; and in very few of their speeches or broadsheets was the pledge to abolish dyarchy made. The local government refer to the immensity of the problem in the Central Provinces. Even in local affairs the voters with every advantage of local knowledge have not yet learnt the value of their vote and make no effort to control their representatives in matters vitally affecting their interests. For the local legislature the franchise covers about 1·1 per cent. of the total population, most

work-shops along with theoretical education in technical schools; whilst for operative industries, there are industrial schools with outside practical training, wherever possible, which supply the necessary education. The Bengal Government have accepted a suggestion to stimulate industrial education with grants-in-aid but have also decided to maintain four existing industrial schools as model government institutions. The weaving schools at Suri and a silk weaving and dyeing school at Behrampore were sanctioned during the year. The total expenditure on grants-in-aid now amounts to over $1\frac{1}{2}$ lakhs of rupees.

A survey of the cottage industries of Bengal was made by the Industries Department in 1924, in order to discover ways of increasing the production of the raw materials used by cottage workers and of improving the methods of their manufacture. The Central Institute at Serampore has been doing excellent work for handloom-weaving which is the most important cottage industry in Bengal. Two demonstration parties visited 23 different centres during the year and demonstrated labour-saving devices, improved looms and methods of manufacture. Administrative approval was given to 12 additional peripatetic schools as an experimental measure for one year for giving instruction in the improved methods of weaving.

In addition to these measures for improving and developing cottage industries the Bengal Department of Industries devotes much attention to the promotion of factory industries of the province and during the year under review problems of the tanning, match-making, glass and mustard-oil industries all came under investigation. Already there are 8 large up-to-date match factories in existence in or near Calcutta which produce about 13,000 gross boxes of matches per day. This rapid expansion of the match industry was reflected in the trade returns for the year. The imports from Japan showing a decline of Rs. 14 lakhs in value though imports of Swedish matches increased by 7 lakhs.

In the United Provinces the number of industrial schools and colleges either controlled or aided by the provincial government rose to 113 with over 3,000 students. The provincial stores Purchase Department bought goods from local manufacturers to the value of nearly 26 lakhs of rupees and it has undertaken to supply yarn to the Co-operative Weaver's Society. In addition to the provision of loans and grants to the extent of over one lakh of rupees

government. Without this, palliatives like the transfer of further subjects will have little effect in improving the situation.

In the foregoing summary of their reports we have referred to the views of the Governors in Council. In some cases these views were not shared by all the Members of Council, and the Ministers frequently did not support the views accepted by the Governors in Council. We proceed, therefore, to summarise briefly the views urged in the enclosures to the reports of the local governments by the dissenting Members of Council and Ministers who were in office at the time when the reports were made.

Views of dissenting Members of Council and Ministers.

(a) No Member of Council in the Madras Presidency dissented from the views of that Government. Two Ministers, Sir A. P. Patro and Mr. Ramarayanagar, however, annexed memoranda to the local government's report, and the latter Minister also on a later date forwarded a criticism of the picture given by the local government of the working of the constitution. Sir A. P. Patro states that the opposition in the council must subject all governmental measures to effective criticism. On the reserved side, however, criticism may only consist in giving advice and making recommendations, and the sense of powerlessness over the reserved subjects leads to a sense of irritation and despair. It is a tribute to the commonsense of the members that they did not make extreme or illegitimate demands on the Reserved Departments. There is now a strong determination of all parties to obtain an effective voice in the administration of the reserved subjects. The position of the Ministers has, therefore, become very serious. Are they to vote with the reserved half or are they to carry out the will of the majority of the council? On the other hand if the Ministers vote against the reserved subjects the administration of those subjects becomes very difficult. The test of political responsibility lies in the amount of assistance which the council will accord to the administration of law and order. In Madras the council fully realised its responsibility in this respect during the most critical times. So long, however, as it is a reserved subject the council will not have full confidence, and its administration becomes more difficult. The council does represent public opinion and further does a good deal to create it. The relations between the members and their constituencies in the party supporting the Ministry have been more or less closely preserved by a series of conferences. The work of the council also started on a kind of party system. The dyarchical system, however, has had the best trial in Madras, its difficulties are now known, and it is necessary that all provincial subjects should be brought under the control of the council with the reservation that in the cases of law and order and finance residuary powers to meet emergencies should be given to the Governor. A special member should also be appointed as Deputy Governor to administer central subjects.

Mr. Ramarayanagar says there is no doubt that the reformed councils are an improvement over their predecessors as they have the people behind them and are capable of doing a great deal effectively either for good or for bad. In spite of several defects in the constitution the Madras Government

in new and improved methods of work. Also the provincial textile institute was put on a permanent basis and was given a dyeing section and a laboratory. In addition to conducting courses of instruction the institute continued to manufacture special weaving appliances and to make efforts to overcome the prejudice displayed by weavers against the use of machine-sized warps. The training of Moplahs in cottage industries was continued with gratifying success.

In the Central Provinces much attention is now being paid to the development of industrial schools and to improving the methods of training imparted in these institutions. A special three years course combining general and technical education was introduced at the Nagpur Schools of handicrafts and scholarships are generously given both in this and the other similar institutions in the province. Demonstrations were made all over the province in the use of improved weaving appliances and it is gratifying to note that there was a good demand for some of them from the cottage craftsmen. The year 1925-26 saw considerable progress made in the supply and use of electric power and the Department of Industries was able to interest capitalists in this business.

The year 1925-26 saw the work of the Provincial Department of Industries going on satisfactorily in Assam. Travelling weaving parties were at work throughout the year and many orders were received for improved looms and other appliances from village workmen, but these orders could not be fully complied with since it was not possible to manufacture these appliances locally on account of the lack of skilled artificers. The extension of facilities for the training of mechanics and in particular the establishment of a technical school at Jorhat will help to solve this problem. Much good work was done at sericultural stations and large numbers of cocoons were distributed to the public. The Gauhati emporium and central stores continued its useful work of assisting the cottage workers of the Gauhati weaving institute by providing them with regular work. Attention was paid to the training of youths in handicrafts such as wood and metal working and stone masonry.

With the Co-operative Society movement we come to what is unquestionably one of the most promising and important of the efforts now being made to improve the conditions of life in India. Its activities are not confined merely to the agricultural population, although, of course, it is among them that it finds greatest scope

in the provinces and the introduction of a considerable measure of responsibility in the central government. He admits frankly that before supporting this demand he would wait until a genuine experiment has been made in responsible government for the life of two or more councils in the transferred subjects. No such experiment has yet been made, and he desires to see how far the electorate and their representatives are able to realise their responsibility when thrown on their own resources. He points out that we have also to be completely satisfied as to how far the communal groupings in India, the existence of which cannot be ignored or minimised, are, or are not, consistent with political responsibility. Critics of dyarchy who say that it is unworkable mean different things. The Swarajists apparently mean that it has not achieved the millennium. Other theorists argue that the form of government which the people were used to from time immemorial until 1921 indicates that government by a representative assembly can only lead to inefficiency and perhaps anarchy. The first council in Bengal worked creditably. The Ministers, however, latterly came in for a great deal of criticism for supporting the official view on some important administrative questions in the police and the jail departments. Even the members of the council who always found themselves in opposition to government never thought of obstruction by the wholesale rejection of the budget. The impression which prevailed among them was that the Ministers retained their office through the goodwill of the Governor, and not that the Governor would be constitutionally bound to dismiss them if they lost the confidence of the council. The entry of the Swarajist party caused the working of the council to assume a different aspect. The sole object of this party was to obstruct the government with a view to force the British Parliament to grant immediate Swaraj. The fate of this party is difficult to foretell, but we must reckon upon the possibility of there always being a party impatient of the pace by which the British Parliament may regulate the development of responsible government in India. He therefore makes detailed proposals for the establishment of a stricter form of dyarchy and says that he thinks that not even the Swarajists with all their enticing shibboleths and numerous trickeries can for long persuade the council not to make the best use of the opportunity given to it of becoming genuinely responsible for the administration of the transferred subjects. If even then the council is unable to rise to its responsibility, government can well hold with a clear conscience that the country is not yet ripe for responsible government and would be justified in seeking some other method of advance.

Mr. A. K. Fazl-ul Huq, on the other hand, is not prepared to support the suggestion that dyarchy should be worked in the form suggested by Sir Abdur Rahim. He suggests that representative institutions have been thrust upon India, although, as known in the West, they are utterly unsuitable to Indian conditions. Oriental ideas of Kingship are fundamentally different from those that prevail in the West; political conditions in India debar the possibility of any harmonious working of representative institutions; and the political atmosphere, arising from the incessant communal strifes and other causes, makes the growth of self-governing institutions an impossibility. Representative institutions in their proper form cannot be expected to flourish in India.

India, the transfer of all central subjects, except Imperial defence and foreign relations, to the Ministers and also the transfer of all provincial reserved subjects.

The Indian Member of the Executive Council and the two Ministers of Bihar and Orissa also forward separate notes. Mr. Sinha states that the inherent defects of dyarchy are patent. The system is too complex and complicated and is unwarranted by political experience. Educated Indians contend that they understand a benevolent despotism but cannot appreciate the dyarchic hybrid. Professor Lowell points out that "the foundation of government is faith, not reason." If this be true of European states it can be predicated with even greater certainty of Asiatic countries and their governments. It may be that the full political paraphernalia of a constitutional governor and a responsible minister must wait the revision of the constitution in 1929. He accordingly agrees with the Honourable Ministers that all departments of the provincial government, other than those relating to the political and the judicial departments, should be transferred. He desires this change not with the object of pacifying or placating the avowed opponents of the present system. For, in Bihar and Orissa, these opponents are a mere handful compared with the less vociferous "sturdy, loyal people." Dyarchy has failed to evoke that faith which is the foundation of government. His recommendations for transfers are intended to avoid too rapid changes and to avert the chances of prospective insecurity. He defers to the views of his Government, however, that the transfer of all these subjects would be found so unworkable as to produce a deadlock in a year's time, and he therefore comes to the conclusion that the present constitution should be superseded by complete provincial autonomy which alone seems to be the true solution of the difficulty.

The Bihar and Orissa Ministers say that the anomalous character of the present system is patent. The splitting of the component parts of the administration, apart from its difficulty, has raised a grave suspicion in the minds of the people that the British Parliament has no trust or confidence in the people in the administration of all provincial subjects. The remedy for the inherent defects in the constitution lies in changing the whole constitution. Nothing short of complete provincial autonomy will satisfy the people, but, if this is outside the scope of the enquiry, fresh rules should be made for the reclassification of subjects, and, if a much larger number be transferred, the majority of the people will be satisfied.

The Indian Member of Council in the Central Provinces also forwards a note of dissent. He classifies the heads to be considered under seven heads in all. The first three relate to the electorate. As regards this he admits that it is small and the electors mainly illiterate, but the latter fact does not necessarily connote want of interest in, or appreciation of, political issues. He believes that the electors grasped the view at the last general election that the Swarajists were fighting a battle in their interests, and, considering how recent has been the awakening of political consciousness, he thinks this appreciation of the candidates believed to be working in their interests by the

APPENDIX IV.

Summary of the conclusions of the Reforms Enquiry Committee.

The majority section recommends that by practice the Secretary of State's control should be relaxed on matters affecting purely Indian interests. The minority does not build up much hope on such a convention. The majority recommend that (1) high officials mentioned in sub-section (1) of section 110 of the Government of India Act should be exempt from the jurisdiction of all Courts, and not merely as at present from the original jurisdiction of High Courts; (2) that Courts should be barred from premature interference with Presidents of the Legislatures; (3) that the Presidents, Deputy Presidents and Council Secretaries should not be required to vacate their seats on accepting their office; (4) that the powers of the Governor General in Council to secure by declaration that the development of a particular industry shall be a Central subject should be modified so as to relax the existing restriction and allow the power to be exercised with the concurrence of the local Government or Governments concerned; (5) that the existing disqualification for Membership of the Legislatures because of conviction by a Criminal Court should be modified by increasing the period of sentence constituting such disqualification from six months to a year, and, subject to provisions to secure uniform action, by enabling its removal to take effect through the orders of the local Government, instead of only by pardon; (6) members of all legislatures should be exempted from serving as jurors or as assessors and from arrest and imprisonment for civil cases during the legislative session and for a period of a week before or after the session; (7) that the corrupt influencing of votes within any legislature by bribery, intimidation and the like should be made a penal offence.

The minority express no objection to the above recommendations.

The majority recommend the constitution of two Standing Committees of the Indian Legislature on Bills affecting Hindu and Muhammedan law respectively; the minority hold that the question has not been fully examined; and that existing safeguards are sufficient against hasty legislation.

The majority recommend that women should be allowed election or nomination as members of a Legislature provided the Legislature concerned passes a resolution approving of such a step. The minority favours the removal of all restriction of rules against women being enfranchised and elected to Legislatures. The majority recommend that there should be the power of nominating both official and non-official experts on Bills; and that there should be special representation for factory labour in the Assembly, if possible by election.

now been fully recognised and there are indications that the work of re-organisation is being attended with a gratifying measure of success. Fortunately the financial position of the Central Banks is thoroughly sound and most of them have now realised the importance of training the paid staffs and the members of societies in the principles and practice of Co-operation by the holding of meetings and conferences. In order to stimulate interest and to foster a sense of responsibility 61 new societies have been organised on a share basis and 56 old societies have been converted into share societies. It is at present too early to judge the success of these measures but they are particularly welcome in the present condition of the movement in the Central Provinces since they encourage members to participate more actively than before in the conduct of the business of their societies.

In the Punjab where the Co-operative Societies movement has taken deep root there is excellent progress to record during the year ending March 31st 1926. The number of agricultural Co-operative Societies rose by 1,200 and the working capital of Co-operative societies of all kinds increased by more than 2 crores of rupees. Over 20,000 new societies were added to the existing number of agricultural societies. Particular attention has been devoted in the Punjab to the financial organisation of the movement and the outstanding features of the work of the year under review were the development of the Punjab Provincial Co-operative Bank and the founding of land mortgage Banks. Considerable attention was also given to the extension of better farming and cattle breeding societies. The work of consolidation of fragmented holdings proceeds apace, and in this side of the movement lies much promise for the improvement of agriculture in the Punjab.

The consolidation movement is now about six years old, and in that time its operations have been extended from three districts in which it was originally started to twelve districts. When the movement began, it included 45 consolidation societies with 1,653 members working on an area of 8,000 acres. Within this area these societies reduced the number of fields from eleven thousand to about two thousand. By the end of July 1926 no fewer than 255 societies with 12,649 members were at work. The acreage covered by their activities had by this time risen to 60,015 and altogether the number of fields dealt with have been reduced from 88,710 to 16,458 at a cost varying from Re 1-6 to Rs 2-1.

the suggestion for the adjustment and definition for the Central Provincial subjects without further examination of details. Sir Tej Bahadur Sapru did not object to the transfer of any subject, but consistently with the views he holds on the practical difficulties of working dyarchy, he was not prepared to recommend the transfer of any subject.

The majority recommended the re-arrangement on a more logical basis of the list of subjects annexed to the Devolution Rules. They recommended that the existing stringency of control over provincial legislation should be modified. They recommend that the provision making University legislation and the Calcutta University subjects of Indian Legislation should be deleted. They also desire that it should be made clear that the Governor may return a Bill passed by one Legislative Council for reconsideration by a new Council in whole or in part; and that the Legislative Council Rules should be amended to secure that motions may not be moved for the omission of the whole grant when demand is made for a grant.

The majority recommend that the six months' residential qualification should not be required for European seats; while the minority are opposed altogether to the retention of the residential qualification. The majority further recommend the representation of the Depressed classes and Factory Labour in local Councils, if possible by election but oppose any widening of the general franchise. On the other hand, the minority favour a lowering of the franchise which would give the Depressed and Working classes opportunity of entering the Legislatures through the general electorate.

The majority recommend the revision of the Meston settlement as soon as a favourable opportunity occurs; while the minority consider that a revision had better take place along with the general revision of the Constitution. The majority recommend (1) that the Finance Member should not be in charge of any of the main spending departments, (2) that Ministers should be allowed to have Financial Advisers; (3) that the Devolution Rules should definitely provide that any revenues that may become available during the course of the year should be distributed between the reserved and the transferred departments; (4) that members and Ministers should be given enhanced powers of re-appropriation; (5) that provincial balances, if feasible should be separated from Central balances and audit from accounts; (6) that the existing provision regarding borrowing power should be extended to include, for example expenditure on the financing of industries by private persons.

The majority Report recommends that any action necessary for the protection of the Public Services in the exercise of their functions, of the enjoyment of their rights and privileges should be taken; that control of the Services in the transferred field should be vested in a Public Service Commission; that the rules for recruitment should provide with due regard to efficiency, that all communities should receive representation in the Public Services, if it can be obtained from among persons who have passed the prescribed efficiency bar. The minority recommend that the control of the Public Services Commission be vested in the Government of India. The minority oppose in principle the official block in the Councils; consider the

other words, to the idea of re-organising the economic structure in respect of sale of agricultural produce and the supply of necessities of life on a co-operative basis. Experiments have shown that if sale societies are to be successful they must be on a large scale, so as to be able to handle commodities in bulk and guarantee their quality. The organisation of the Chandpur Sale and Supply Society gave a great impetus to the sale movement and towards the close of the year similar societies at Sarisbari, Bhanguria, Serajganj, Naogaon, Taki (Basirhat) and Alamdanga were organised for the sale of jute, which within this short period, have been able to establish their market with the mills. Several paddy sale societies are also now in operation and the Bengal Government has given their financial assistance in the building of a Central Dépôt in Calcutta. The Provincial Government have also agreed to provide adequate supervising staff for a small number of paddy and jute sale societies in their initial stages and to grant financial assistance to them in the shape of loans for the provision of storage accommodation.

On the purely credit side, the working of the year fully proved that the development of co-operative banking and the linking up of the financing of agriculture with that of trade and commerce will be of incalculable benefit to the country, as it will undoubtedly save much of the waste attendant upon the use of cash. Considerable advance was made during the year in getting Co-operative banks to recognise the need for distinguishing between short-term and long-term loans, a distinction which corresponds to a real distinction in the needs of members. By maintaining an effective watch over the proper use of loans and their repayments and by helping to keep the major portion of the assets of the societies in a fluid state this distinction will undoubtedly assist the movement to come into closer touch with the money market. The need for land mortgage banks for the redemption of old debts is now being felt and a start in this direction is being made by the establishment of a bank in the Rajshahi district. The number of Irrigation Societies continued to increase in spite of a local set-back in the Bankura District, and a noteworthy development during the year was the formation of a society for putting up an embankment for protecting from the ingress of salt water an area in the Khulna district.

The Calcutta Milk Union recorded marked development during the year. The Corporation of Calcutta granted to the Union a non-

APPENDIX VI.

GOVERNMENT OF BENGAL.

POLITICAL DEPARTMENT.

Resolution No. 10850-P.—The 25th October 1924.

The Governor in Council desires to take the earliest opportunity of explaining, as far as is possible at the present stage, the reasons which have led him to ask the Governor-General to promulgate an Ordinance to supplement the ordinary criminal law in Bengal.

It is a matter of common knowledge that a revolutionary conspiracy existed during the years 1908 to 1917. The revolutionaries themselves no longer attempt to conceal the fact and have described the movement in books and in articles in the public Press. The object of that conspiracy was to overturn by violent means the Government established by law in India. The leaders sought to achieve this object by the spread of revolutionary ideas and the collection of arms, with a view to rising in rebellion when the time was ripe. The means adopted were the preaching of race hatred and of revolution as a religious duty and the organisation of disciplined secret societies. Funds for this purpose were obtained by robberies with violence, and immunity for the criminals was sought by intimidation. Everyone who hampered the movement or contributed to the punishment of the criminals was threatened with assassination, many Government officials were actually murdered and a reign of terror was gradually established in Bengal. All ordinary methods of dealing with crime failed to check the movement; the leaders have freely boasted, in the books they have since written, of the powerlessness of Government to deal with their conspiracy by means of the ordinary law and Bengal was only rescued in the end from the tyranny of this band of murderers by the use of Regulation III of 1818 and the powers which the Government obtained under the Defence of India Act. The conspiracy was effectively crushed by these means and, if the powers had been retained by Government, it could never have been revived. After the Royal Proclamation of 1919, all persons who were still interned were released. Many of those who were dealt with under the Defence of India Act subsequently abandoned the idea of violent revolution. The amnesties were gradually extended to the comparatively small group of irreconcilables; the leaders of the movement, who had been detained in jail. It was hoped that the opportunities for political advance offered by the Reforms would change their attitude towards Government, but these hopes have not been realised. These men still believe that none but violent means can accomplish their object, and they are convinced that the fact that any concession was made at all was solely due to fear caused by their terrorist movement. As soon as they were released they began to reorganise their societies and to work secretly on the old lines, though they took advantage of the experience which they had gained to avoid the mistakes to which they attributed their previous

several women's societies (mahila samitis) of which five were registered during the year

The reconstitution of the Bengal Co-operative Organisation Society was an important event of the year. The society has been registered under the Co-operative Societies Act II of 1912, and is now a federation of the registered societies in the Province.

In Bihar and Orissa the Co-operative movement continued to expand during the year 1925-26 when 930 new societies were registered bringing up the total number of societies of all kinds to over 8,000. Five new central banks were established, while there are now more than 200 guaranteed unions. The growth of the movement rendered it necessary to appoint a Deputy Registrar to take semi-independent charge of Chota Nagpur and Orissa. Very few sub-divisions in the province are now without a society, and nearly all have at least 50 whilst some have over 200. There are certain features which cause anxiety but on the whole the societies are making their influence felt more and more and their aid is increasingly sought by the agricultural and other departments which have to maintain close touch with the people. The Provincial Government advanced loans free of interest to seven central banks for the construction of seed and manure godowns, and also paid special subsidies to enable them to appoint subordinates to work under the direction of the Agricultural Department in popularising improved seeds and manure recommended by it.

Bombay reports uniform and satisfactory progress in the co-operative movement during the year 1925-26, when the total number of societies rose from 4,126 to 4,645. A large increase in the number of members and in the working capital of the societies is also reported. Many new agricultural societies were formed and housing societies made satisfactory progress in Karachi and Dharwar. The notable feature of the year was the registration of a housing society in Ahmedabad the importance of which will be easily realised in view of the remarks made on the subject of working class housing in Chapter III.

But perhaps the most important event of the year was the revision of the constitution of the Central Co-operative Institute, that is, the agency which controls the Co-operative movement in the Bombay Presidency. It is now constituted on a more democratic basis and mainly represents primary societies which will henceforth

Seven members of this group were put on trial in the Alipore conspiracy case, but many of the facts in the possession of Government could not be placed before the Court and they were eventually acquitted. Some of the accused who had not previously admitted their guilt stated subsequently that they had taken part in these outrages and that the immediate object of the conspiracy was the assassination of police officers—a conspiracy which was continued even whilst they were in jail as under-trial prisoners.

The situation after these outrages had been committed was serious. The lives of the officers of Government were in imminent danger and it was clear that, unless immediate action was taken, terrorism and crime would spread and Bengal would be again exposed to the dangers and horrors of the previous outbreak of violent revolutionary crime. Several of the chief leaders were accordingly incarcerated under Regulation III of 1818. This action came as a surprise and checked the movement for the time being, but not for long. New leaders were found and operations were resumed. In December a robbery of Rs. 17,000, the property of the Assam-Bengal Railway, was committed at Chittagong by four *bhadrolok* youths armed with revolvers. Subsequent police investigations showed that certain *bhadralok* youths were hiding in suspicious circumstances in a house in a village at some distance from Chittagong. The search of this house ten days after the robbery led to the discovery of a number of weapons and ammunition which included cartridges of the foreign type mentioned above. The attempt to arrest the occupants of the house led to a running fight between them and a body of police and villagers and to the arrest of two youths with firearms in their possession. An attempt was made to decoy from his house one of the accused in this case and knew the other members who had arrested one of the accused in this case and knew the other members of the gang by sight was shot at Chittagong.

It has been mentioned above that the assassination of certain police officers had long been contemplated by the terrorist party and that some of the persons who were acquitted in the Alipore conspiracy case stated that this was the immediate object of the conspiracy. In the early part of 1923 persons were found to be watching the movements of these officers and their residences. These watchers were themselves placed under observation and traced to places which were known to be haunts of the conspirators.

In January 1924 Mr. Day was murdered in Calcutta by Gopi Mohan Saha in mistake for Mr. Tegart, and in April Mr. Bruce was fired at in Harrison Road in circumstances which suggest that this was a similar case of mistaken identity. The ammunition used in the murder of Mr. Day and in the Chittagong murder was also of the foreign type already referred to.

In March a bomb factory was discovered in Calcutta fully equipped with explosives and implements for loading and fitting bomb-shells, of which a number, both loaded and unloaded, were found. This discovery showed not only the existence of an efficient organisation but also a high degree of scientific knowledge, since the bombs used marked a distinct advance on anything which had previously come to light, being modelled on the Mills bomb and loaded with ammonium picrate. Police investigation into this case led to the discovery of

APPENDIX I.

THE CONGRESS RESOLUTION (1926)

This Congress reiterates its resolve that the general policy of Congressmen in the Assembly and the various Councils shall be one of self-reliance in all activities which make for the healthy growth of the nation and of determined resistance to every activity, governmental or other, that may impede the nation's progress towards Swaraj. In particular, Congressmen in the legislatures shall

- (a) refuse to accept ministership or other office in the gift of the Government and oppose the formation of a ministry by other parties until in the opinion of the Congress or the All-India Congress Committee a satisfactory response is made by the Government to the National Demand,
- (b) subject to clause (d) refuse supplies and throw out budgets until such response is made by the Government or unless otherwise directed by the All-India Congress Committee,
- (c) throw out all proposals for legislative enactments by which the bureaucracy proposes to consolidate its powers,
- (d) move resolutions and introduce and support measures and bills which are necessary for the healthy growth of national life and the advancement of the economic, agricultural, industrial and commercial interests of the country, and for the protection of the freedom of person, speech, association and of the press, and the consequent displacement of the bureaucracy,
- (e) take steps to improve the condition of agricultural tenants by introducing and supporting measures to secure fixity of tenure and other advantages with a view to ensure a speedy amelioration of the condition of the tenants, and
- (f) generally protect the rights of labour, agricultural and industrial, and adjust on an equitable basis the relations between landlords and tenants, capitalists and workmen

the conspirators have, in addition, attempted to assassinate police officers, high Government officials, and members of their own organisations whom they suspect of giving information to the authorities. No less than five such attempts are known to have been made during and subsequent to July last. The fact that the intended victims escaped death at the hands of miscreants, who set forth armed with bombs and pistols to murder them, can only be attributed to Providence. In some cases the assassins suspected police vigilance, in others they were thwarted by the unexpected movements of their intended victims. It is impossible, in view of the confidential nature of this information, to make public precise details of these particular plots, but the information regarding them is being continually confirmed by subsequent events and from other sources.

A brief reference may here be made to the campaign in the Press and on public platforms, which has proved so effective an agency in assisting the party to perfect their organisation and increase their numbers. This campaign started in 1922 and has grown in intensity. The eulogy of old revolutionaries, the idealising of youths who committed murders and other crimes, and the publication of their biographies, have all been resorted to with the obvious intention of inciting the youth of Bengal to follow their example. Articles still appear daily in the Indian Press fomenting racial hatred and verging as near to incitements to violence as the law admits.

As the foregoing facts show, the situation has become increasingly serious during the past two years. In June last the terrorist campaign was given a great impetus by the resolution of the Bengal Provincial Conference which expressed admiration for the spirit of self-sacrifice exhibited by Gopi Mohan Saha. The effects of the resolution were electrical; it is by far the most potent recruiting instrument which has ever been placed in the hands of the organisers of violent crime and has been a continual incitement to the youth of Bengal to take to violent ways.

At present then there is in Bengal a large criminal association secretly organised and equipped for a campaign, the immediate object of which is to paralyse Government by the assassination of their officers. The existence of this association is now admitted in all quarters and its magnitude was strikingly emphasised by Mr. C. R. Das in a recent interview with the Press. It is daily increasing in strength and, as in the years before 1915, ordinary measures have failed to check it. The situation has become so serious that the Governor in Council is forced to ask that he may be armed with the extraordinary powers which will alone enable him to deal with it effectively. He has therefore decided to summon the Legislative Council without delay to consider measures of legislation which will be placed before it to that end. This legislation will follow the lines of the Defence of India Act and Rules which proved effective in crushing the conspiracy of 1914—18 which had the same aims, the same methods, and largely the same leaders as the conspiracy of to-day. It was the unanimous opinion of all who examined the question that it is impossible to deal with terrorist crime under the ordinary law or through the ordinary Courts, and that the powers given by the Defence of India Act and Rules

(7) After expiry of three years Union domicile will be lost in agreement with the proposed revision of the law relating to domicile which will be of general application. The period of three years will run from the date of departure from a port in the Union and expire on the last day of the third year. But to prevent the abuse of the bonus and free passage by persons who wish to pay temporary visits to India or elsewhere no person availing himself of the benefits of the scheme will be allowed to come back to the Union within less than one year from the date of his departure. For purposes of re-entry within the time limit of three years, the unity of the family group shall be recognised though in cases of unforeseen hardship the Minister of the Interior may allow one or more members of the family to stay behind. A son who goes with the family as a minor, attains majority outside the Union, marries there and has issue will be allowed to return to South Africa, but only if he comes with the rest of his father's family. In such cases he will be allowed to bring his wife and child or children with him. But a daughter who marries outside the Union will acquire the domicile of her husband and will not be admitted into the Union unless her husband is himself domiciled in the Union.

II *Entry of wives and minor children*—To give effect to paragraph 3 of the Reciprocity Resolution of the Imperial Conference of 1918, which intended that an Indian should be enabled to live a happy family life in the country in which he is domiciled, the entry of wives and children shall be governed by the following principles —

- (a) The Government of India should certify that each individual for whom a right of entry is claimed, is the lawful wife or child, as the case may be, of the person who makes the claim.
- (b) Minor children should not be permitted to enter the Union unless accompanied by the mother, if alive, provided that
 - (i) the mother is not already resident in the Union, and
 - (ii) the Minister may, in special cases, permit the entry of such children unaccompanied by their mother.
- (c) In the event of divorce no other wife should be permitted to enter the Union unless proof of such divorce to the satisfaction of the Minister has been submitted.
- (d) The definition of wife and child as given in the *Indians Relief Act* (No. 22 of 1914) shall remain in force.

III *Upliftment of Indian community*—(1) The Union Government firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities, and accept the view that in the provision of educational and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people.

(2) It is difficult for the Union Government to take action, which is considerably in advance of public opinion, or to ignore difficulties arising out of the constitutional system of the Union under which the functions of Government

APPENDIX VII.

Sir Basil Blackett's statement of the Debt position.

I devoted a considerable portion of my last year's speech to an analysis of our Public Debt and a sketch of a programme for systematising our provision for Reduction and Avoidance of Debt. As the subject of our Public Debt was discussed at considerable length in this House on February the 17th, there is no need to-day to repeat at length the statement which I then made to the House. It will, however, be convenient I think to include in this speech some of the more important figures. They show some slight variations from the figures previously given being based in certain cases on later information.

Statement showing the Debt of India outstanding on the 31st March 1914, the 31st March 1924 and the 31st March 1925.

(Figures in crores of rupees.)

—	31st March 1914.	31st March 1924	31st March 1925.
<i>In India :</i>			
Loans	145.69	358.81	370.18
Treasury Bills in the hands of the public.	..	2.12	..
Treasury Bills in the Paper Currency Reserve.	..	49.65	49.65
Other obligations—			
Post Office Savings Banks .	23.17	24.79	25.92
Cash Certificates	8.42	13.02
Provident Funds, etc. . .	10.93	39.20	43.16
Total Loans, etc. . . .	145.69	410.58	419.23
Total other obligations .	34.10	72.41	82.10
Total in India	179.79	482.99	501.93
<i>In England (at Rs. 15 to the £):</i>			
Loans	265.60	366.80	395.35
War Contribution	28.90	28.0
Capital value of liabilities undergoing redemption by way of terminable railway annuities.	105.90 (=£70,600,893)	90.14 (=£60,095,487)	88.25 (=£58,836,497)
Total in England . . .	371.50	495.84	511.78
Total Debt	551.29	988.83	1,013.71

APPENDIX III.

PRESS COMMUNIQUÉ

Simla, the 29th September, 1926

The following statement regarding the negotiations carried on by the Government of India with the Ceylon Government on the subject of fixing standard wages for Indian estate labourers in Ceylon and of certain other matters affecting them, is published for information

2 When considering the question of allowing the emigration of Indian labour to Ceylon under the Indian Emigration Act, VII of 1922, the Standing Emigration Committee of the two houses of the Indian Legislature suggested that a basic wage should be fixed for Indian labourers which should be sufficient—

(a) to maintain a labourer in tolerable comfort according to his standard of living, regard being had to the fact that a male may have to provide for a family, and

(b) to allow a margin for savings, sickness and old age

The Government of Ceylon were accordingly asked in October 1922 to institute an enquiry into the cost of living and the question of fixing such a basic wage. They entrusted the task to their Assistant Director of Statistics—Mr Jones-Bateman. Through the courtesy of the Ceylon Government the Government of India were enabled to examine his report, which reached them in December 1923. They discussed it with the Standing Emigration Committee and their Agent in Ceylon, and informed the Colonial Government on the 9th July 1924 that they could not accept Mr Bateman's conclusions, and suggested further investigation by a Committee of Inquiry on which the representatives of both Governments should be represented.

3 In response to this suggestion the Government of Ceylon appointed a Committee, consisting of the Controller of Indian Immigrant Labour in Ceylon, the Director of Statistics, Ceylon, the Agent of the Government of India in Ceylon, and four representatives of the planting community, to make inquiries and submit recommendations. The Minutes of the Meetings of this Committee were forwarded to the Government of India in April 1925. The Committee recommended—

(1) that the principle of a standard wage be accepted, and

(2) that assuming that an adult male or female labourer works for 24 days in a month and working child for 20 days, the following rates should be fixed as the standard —

	Men Rupee cents	Women Rupee cents	Working children Rupee cents
Low country	50	40	30
Middle country	52	41	31
Up country	54	43	32

tion or avoidance of debt to be charged against annual revenues is fixed at 4 crores a year *plus* $\frac{1}{50}$ th of the excess of the debt outstanding at the end of each year over that outstanding on the 31st March 1923. The provision required under this arrangement for 1925-26 is 4.78 crores, the increase being due partly to the considerable addition to our Permanent Debt as a Government involved in the taking over of £18½ millions of the debenture stock of the East Indian Railway. When it is remembered that the gross amount of the debt owed by the Government of India to its various creditors exceeds 1,000 crores of rupees, a provision of 4.78 crores cannot be regarded as other than modest, amounting as it does to less than half of 1 per cent. of the gross amount. This figure of 4.78 crores compares with the provision of 4.52 crores in the original estimates for 1923-24 which was not based on any regular programme but represented the aggregate amount of the specific sinking funds then in operation for specific loans. There is a further item which appears under the same head for 1924-25 and for 1925-26, namely, the equivalent of the amount of Customs duty on capital stores imported for State-managed Railway lines. Such Customs duty represents an addition to our revenue arrived at by an addition to our Capital expenditure and as explained in my Budget speech last year we have earmarked it as a special contribution from Revenue to Capital.

In view of the debate which took place on this subject a fortnight ago I need not enlarge again on the importance of a regular and systematised provision being made in our annual Budget for reduction or avoidance of debt. The most extravagant thing a Government with large commitments and a big programme of new borrowing can do is to provide an insufficient sinking fund. Any apparent saving that may be effected in the Budget for one year or reduction of the amount provided will be more than offset in the next year or two by the additional interest that will have to be paid on new loans including conversions. We have a large volume of short-term bonds maturing during the next decade, and arrangements have to be made for re-borrowing the amounts which fall due. We have also a heavy programme of new capital expenditure which we have to finance mainly out of borrowed funds. It is essential that we should maintain our credit both internally and externally unimpaired, if we are to carry through successfully the business of renewing maturing debt and raising the new capital which we require. Our provision for reduction or avoidance of debt assists us in this task in two ways, for it not only reduces the amount that we have to borrow, but it also gives confidence to our creditors and to those whom we may want to induce to become our creditors in the security which we have to offer them, and thereby serves to keep down the rate of interest on our new borrowings. Nor must the value of such a provision as an emergency reserve be overlooked. I have received evidence from many quarters to the effect that the regularisation of our provision for reduction or avoidance of debt has greatly strengthened the confidence of investors both inside and outside India in the soundness of India's financial position and methods, and in the desirability of her Government loans as investments for their savings.

(b) An issue of the same monthly to each widow with a non-working child

It was made clear that these free issues would be made to all qualified persons on the estate rolls whether they worked for a minimum number of days per month or not. The cost to the planters of this concession was estimated at Rs. 30 lacs per annum.

6 Mr. Reid further stated that in order to ensure that the initial rates of wages which would be fixed under statutory sanction on the above scale, should not be lowered in future without good cause, he was in a position to give an undertaking on behalf of his Government —

- (i) That the standard rates proposed by the Ceylon Government and including the additions referred to in (a) and (b) of paragraph 5 above, should not be varied in future except in harmony with variations in the labourers' cost of living as compared with such cost at the date of fixing standard wages
- (ii) That, should a serious emergency occur resulting in a demand for reduction of the above rates, and should the Ceylon Government desire to accede to such demand, the Ceylon Government would communicate their intention to the Indian Government and would undertake to effect no reduction in standard wages until the expiration of six months from the date of such communication of intention, save by the mutual consent of the two Governments
- (iii) That should the two Governments fail to come to some agreement regarding the proposed reduction of wages within the six months referred to, thereafter each Government would be free to take such action as it deemed necessary, without further consulting the wishes of the other Government

7 The Government of India informed the Government of Ceylon on the 1st May 1926 that they were prepared to accept these proposals subject to certain conditions. For the words "as compared with such cost at the date of fixing standard wages proposed by Mr. Reid [see paragraph 6 (i) supra], they wished to substitute "as compared with the cost with reference to which standard wages were fixed". The idea was that the scale of standard wages actually fixed should, if necessary, take account of any upward movement in the cost of living which may have taken place since the Committee made their recommendations. The other conditions, which, it was understood, Mr. Reid was also prepared to recommend to the Government of Ceylon for acceptance, were —

- (a) The Government of India should have a reciprocal freedom of terminating the arrangement described above, in the event of circumstances arising which, in their opinion, justified an increase in wages over the existing standard rates and the Ceylon Government were not prepared to give the increase
- (b) Every Indian labourer should have a definite statutory option of working on standard time wages in lieu of piece work rates, if he so desired, and
- (c) The new arrangement was brought into effect from the 1st January 1927 at the latest

- (d) *Educational facilities*—The Government of Ceylon have agreed to introduce legislation to prohibit the employment in estates of children under 10 years of age. In the meantime steps are being taken to increase the facilities for education on estates.
- (e) *Issue of rice to Indian estate labourers*—The Government of Ceylon have undertaken to provide in the regulations to be issued under the Standard Wage Ordinance for the issue of rice of a prescribed quality and at a prescribed rate to Indian estate labourers to be made obligatory in law.

11 Settlement of minor details arising out of the various questions dealt with may possibly involve a slight delay in the introduction of the changes in regard to rates of wages and to other matters dealt with in the foregoing paragraphs. The Government of India have every hope, however, that the new arrangements will come into force soon after the beginning of 1927.

begin by giving the figures in barest outline. We place our revised estimate of gross receipts, that is gross traffic receipts *plus* our share of the profits of subsidized Companies *plus* miscellaneous receipts at 98.01 crores. The figures of course are for commercial lines only. Our revised estimate of our total charges, that is, working expenses *plus* surplus profits paid to Indian States and Railway Companies *plus* interest charges *plus* miscellaneous charges, amounts to 86.77 crores. We hope therefore that the gain from commercial lines during the current year will amount to 11.25 crores.

Comments on Revised Estimate.

Before I proceed to deal with the effect of these figures upon our contribution to general revenues in the current year, I should like to make one or two comments on these figures. Our gross receipts, if we realise them, will be nearly 5 crores better than the gross receipts of last year and more than 2½ crores better than our budget estimate. But I have little to say about them. For the most part, the betterment is due to causes beyond our control, namely, good crops and improving trade. Had it not been for the disastrous floods both in North and in South India, our gross receipts would have been better still. Our expenditure figures are more interesting. If we exclude interest charges, surplus profits due to Indian States and Railway Companies and miscellaneous charges, we expect our working expenses in the current year to be 62 crores against 59.16 crores last year. But the figure 62 crores requires some explanation. To begin with, it has been decreased by a windfall of 1½ crores. This sum represents a refund to revenue of customs duties paid on stores imported during recent years by Company Railways which according to a recent Privy Council decision they ought not to have paid. If we disregard this windfall, our working expenses this year will amount to 63.25 crores or 4 crores more than last year. But the figures are still misleading. Last year we had no depreciation fund and we charged to revenue only our actual expenditure on renewals and replacements. In the current year, we charge to revenue our gross appropriations to the Depreciation Fund, namely, 10 crores and not merely our estimated actual expenditure from the fund, namely, 805 lakhs. In order to compare our working expenses this year with those of last, we should deduct 195 lakhs from the figure 63.25 crores I have just given the House. If we compare the figures in this way, it means that this year we have spent 61.30 crores in order to earn 98 crores. Last year we spent 59.16 crores in order to earn 93.18 crores. In other words, though we have earned nearly 5 crores more, we have spent only 214 lakhs more. It is true that the rise in exchange has helped us to the extent of some 25 lakhs, but even so, the figures are, I think, very satisfactory and reflect great credit on the Railway Board and on the Railway Administrations. The House will remember that the Inchcape Committee set before us the standard that we should aim at earning 5½ per cent. on our capital at charge. If our revised estimates prove correct, we shall have earned on commercial lines on the capital invested by Government 5.46 per cent.

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that the figures are disappointing, but they are not quite so disappointing as they look. I have referred already to our windfall in the shape of a refund of customs duty. That windfall amounts in all to 280 lakhs. 125 lakhs goes to revenue. 155 lakhs goes towards reduction of the total capital at charge. We anticipate also that there will be a reduction in the capital locked up in stores amounting to 4 crores. That is to say, our total capital expenditure in the current year is likely to be 18.4 crores, or much the same as last year. Even so, the figures indicate a very considerable short spending, but as the causes of this short spending have been analysed at some length in the Administration Report for last year, I shall not weary the House by travelling over the ground again. I will merely say that we hope to effect a considerable improvement in this matter. Indeed as I shall show when I come to the capital budget for 1925-26, we are counting on this improvement manifesting itself next year.

Capital budget for 1925-26.

Agents have informed us that next year they will be able to spend on works approved by the Railway Board 32 crores of rupees. We attach great importance to the earliest possible completion of approved works. The sooner they are completed, the sooner they will begin to pay us a return on our investment. But in view of what I have just said, the House will not be surprised when I say that we regard the estimate of the Agents as optimistic and that we have some doubts whether they will be able to spend the full amount asked for. Instead of cutting down the demand, however, we have shown a probable saving of over 9 crores and we are asking the House to vote 6½ crores for new construction and 16.20 crores for open line works.

Open Line Works.

Of the amount asked for 23.7 crores are required for Open Line Works and rolling stock, involving, I may mention, a consequent provision of more than 11 crores from expenditure from the Depreciation Fund. The main purposes to which this money is being devoted are explained in the Budget Memorandum, but the House will, I think, be interested, if I mention just a few of them. We are providing in terms of 4-wheelers for 3,857 new goods wagons and for 822 new coaching vehicles, 755 of these latter being lower class vehicles. Apart from these additions and betterments to lower class carriages, which will cost us nearly 1½ crores, we are spending some 30 lakhs on amenities for 3rd class passengers in the shape of waiting sheds, refreshment rooms, booking facilities, water-supply arrangements and the like. Hon'ble Members will no doubt have read recently in the Press of the reopening of the electrified Harbour Branch of the Great Indian Peninsula Railway. That constitutes what I am sure will prove to be a landmark in Indian Railway history, for it is the first electric railway in India. We are providing 103 lakhs for the electrification of the Great Indian Peninsula suburban line and 77 lakhs for the electrification of the

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Butler and his Government. That is part of our policy now. The Railway Board by frequent tours tries to keep in closest possible touch with Local Governments in regard to railway matters.

New policy in regard to Branch and Feeder Railways.

What I have just said about our proposals for new construction leads on to a reference to the new policy which we have formulated, in consultation with the Central Advisory Council, in regard to Branch and Feeder Lines. The House is no doubt aware that 30 years ago when the Government of India themselves were in difficulties for money for new capital expenditure, a system was originated of financing the construction of Branch and Feeder lines through Branch Line Companies guaranteed by Government. For the encouragement of such Companies, Branch Line terms were drawn up and were kept on tap. These were the terms on which Government were prepared to give to private Companies for money required for the construction of Branch or Feeder lines. This system undoubtedly enabled lines to be built which otherwise would not have been built, but in other respects it came in for severe criticism from the Acworth Committee, which indeed thought that the aim should be rather to reduce the number of existing private Companies than to create new ones. We have recently had the whole subject under our consideration. The existing Branch Line terms are quite out of date. If they are to serve the purpose for which they were originally intended, we should have to revise them on much more liberal lines, and with the approval of the Central Advisory Council we do not propose to undertake that revision. We think that the more economical and better course is for us to construct ourselves remunerative new lines. I do not think that the House need fear that this policy will lead to a slowing down of new construction. In the Railway Board we have new projects under constant examination, and indeed the capital expenditure on the new projects included in Demand No. 7 is four times as great as all the capital raised in the last 30 years by Branch Line Companies. Nor do we propose to neglect projects which, though they cannot be classed as remunerative, may be required by Local Governments for administrative or other reasons. We are quite prepared to consider any such project, provided that the Local Government is prepared to guarantee it from provincial revenues.

Local Governments thoroughly approve of this new policy, and we are already constructing two lines on this basis, the Shoranur-Nilambur line in Madras and the Moulmein-Ye line in Burma. Other projects are under examination.

Compensation claims.

Before I leave the Budget proper, there are one or two special points to which I wish to draw attention. One is that of compensation claims. In 1922-23 the amount paid in compensation claims reached the enormous figure of 121 lakhs, a figure which very naturally attracted unfavourable comment.

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the gazetted ranks of railway offices in any number, and time must be allowed for them to find their way to the top. The question of subordinate posts is much more difficult. In one sense, of course, it is not a racial question at all. It is rather a communal question. To a very large extent the Subordinate Railway Service is already Indianised in that the posts are largely held by Anglo-Indians. Leaving this point aside, the difficulty is this. When railways were first started in India and for many years afterwards, Indians did not come forward for work of this kind, and railways got more and more into the habit of relying on the European of the country and the Anglo-Indian. It is work for which the Anglo-Indian appears to be specially fitted. Possibly he has acquired a sort of hereditary aptitude for it. At any rate, he has made good, the railway authorities are accustomed to him and like to employ him in subordinate railway appointments. Now there is a change. Indians wish also to be employed in these appointments, and they complain that they are up against vested interests and that subordinate railway employ is, so to speak, the close preserve of the Anglo-Indian. The complaint, I think, is specially directed towards the subordinate Traffic Department and indeed it is a noticeable fact that at all important stations almost every railway official in a position of authority that one sees is a European or an Anglo-Indian. Now all I can say on this problem is this. It is impossible to make any immediate drastic change. I am not prepared to say that Anglo-Indians or Europeans who are working well should lose their jobs or their promotion in order to make way for Indians. But what I do say is that the Indian should have his chance. If the Indian of the requisite education is prepared to go through the drudgery, the hard work and the irregular hours, which are a pre-requisite to promotion to the better posts in the subordinate traffic service, then he should get the chance of doing so, and, if he proves himself fit for promotion, he then should get his promotion. That I consider is the only possible policy, and it is with this policy in view that we are starting a training school on the 1st March at Chandausi. One of the functions of this school will be to train subordinates particularly for the Transportation Department.

Stores Purchase Policy.

Another important question to which the House attaches great importance is the extent to which railway materials are obtained in India. In the report by the Railway Board on Indian Railways for 1923-24 the matter is discussed at length and the purchases of materials are analysed in detail under each head. From the detailed explanations there given, it will be seen that orders have been placed in India wherever possible, and that it has only been in cases where it was found impossible to obtain materials in India at a reasonable price that orders have gone abroad. In the supply of rails, for example, orders were placed in this country which were greater than the Tata Iron and Steel Company were able to comply with. In the current year two important developments in this matter have taken place. Owing to the adoption

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It will be seen that there was a progressive increase both in passengers and earnings. The annual rate of increase perhaps is slower than it was before the war, and it might be argued that a reduction in fares would pay us by the increase of passengers it would bring us. But in the first place we should be taking risks. If there were no increase of passenger traffic, even a reduction of 1 a pie per mile in 3rd class fares would cost us $4\frac{1}{2}$ crores a year. Secondly, even assuming that there were a large increase in passenger traffic, it is certain that we should not have sufficient coaching stock to carry the increased traffic. I have already said that we are providing in the budget in terms of four-wheelers for 755 new third class carriages. The provision we have made is limited by the capacity of our workshops, and we propose to consider whether we cannot adopt other measures which will enable us to put more coaching stock on the lines. That, I think, is all I can usefully say on the subject at present. It is a question which we have under constant examination.

Conclusion.

I am afraid that I have already wearied the House and I will bring my speech to a close. The year which is now ending has been marked by many important events. Two of these indeed are of outstanding importance, namely, the taking over the East Indian Railway and the separation of Railway finance from General finance. But the real importance of the year in my opinion lies in the evidence it affords of a real advance towards live, efficient, business management of the Indian Railways. Some one said the other day in the Central Advisory Council that there was a new spirit abroad in the Railway Board. I believe that remark to be true, and if it is true, the credit rests with two men, Mr. Hindley and Mr. Sim. But, Sir, it is not only in the Railway Board that that new spirit is abroad, and we, who are ultimately responsible to the House for the management of the Indian Railway system, know how much we are indebted, for loyal co-operation and unremitting work, to Railway Agents and Railway officers and men throughout India.

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both the British and Indian Armies in India being met, in future, by the "R. A. M. C. (India)." Every officer of the new Provincial Civil Medical Services should be liable for service with the R. A. M. C. (India) in the event of general mobilisation

20—23c

- (vi) To meet the medical needs of British Officers in the Civil Services and their families, a minimum number of British officers should be maintained in the Civil Medical Service herein proposed. These minima should be prescribed for each Province by the Secretary of State, on whom, in the last resort, should rest the responsibility for their maintenance. Of this British element, one half or the number required for the military reserve whichever is the larger, should be reserved for British officers to be seconded from the R. A. M. C. (India). In default of the remainder being forthcoming by competitive examination for the Civil Medical Service, the deficiency should be made up by increased seconding from the R. A. M. C. (India) or, if necessary, by special additional recruitment for that purpose 23 d, e, f,
- (vii) Subject to the existing rights of present members of the Indian Medical Service, all scientific chairs in Government Colleges and Hospitals, should, in future, be thrown open to all candidates, the clinical chairs being reserved for members of the Civil Medical Services, however recruited, so long as fit candidates are available 23g

THE PUBLIC SERVICE COMMISSION.

- (viii) The Public Service Commission contemplated by the Government of India Act should be constituted without further delay. It should be an All-India body and consist of five Commissioners of the highest public standing, detached so far as practicable from political associations and possessing, in the case of two of their number at least, high judicial or legal qualifications 24—26
- (ix) The functions of the Commission should fall, at the outset, into two categories, (a) recruitment, (b) certain functions of a quasi-judicial character in connection with the disciplinary control and protection of the Services 27
- (x) As regards (a), it should be charged with the duty of recruitment for the All-India Services, as the agent of the Secretary of State, so far as it is carried out in

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about 15 years from the time that the new rate of recruitment recommended comes into force. It has been calculated, on certain assumptions regarding abnormal retirements, that recruitment on the basis of 40 per cent. Indians directly recruited, and 20 per cent. Indians promoted from the Provincial Service, will produce that result

35—36

Indian Police Service.

- (xiv) Out of every 100 recruits, 50 should be Europeans directly recruited, 30 should be Indians directly recruited, and the remaining 20 should be Indians obtained by promotion from the Provincial Services. On certain assumptions regarding abnormal retirements, the corresponding cadre of 50—50 should be attained in about 25 years from the time that the new rate of recruitment comes into force. In any year in which the full quota of 30 per cent. directly recruited Indians is not obtained by open competition, the balance should be made good by additional promotion, preferably of young officers of not more than five years' service who have been directly recruited as Deputy Superintendents of Police

37—38

Indian Forest Service.

- (xv) Recruitment should be in the ratio of 75 per cent. Indians and 25 per cent. Europeans in those Provinces in which Forest administration is reserved

39

Indian Service of Engineers.

- (xvi) Recruitment for that portion of the cadre working entirely in the Irrigation Branch in Provinces in which it has been separated from the cadre working in the Buildings and Roads Branch should be in the ratio of 40 per cent. Europeans, 40 per cent. directly recruited Indians and 20 per cent. Indians promoted from the Provincial Service. In those Provinces in which no division of the cadre has been made there should be no change in the existing ratio of recruitment for the combined cadre

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- (xxxi) Officers already in the service, who have served less than 7 years, should be entitled to four return passages for themselves and their wives, those with over 7 years and less than 14 years should be entitled to three, those with over 14 years' and less than 21 years' service should be entitled to two, and officers with 21 years' service and over to one. The scheme should be extended to Indian officers in the Indian Civil Service who were recruited by the Secretary of State and who receive overseas pay but should not extend to their families.
- (xxxii) The family of an officer who dies in service should be repatriated at Government expense even though he has exhausted the full number of passages admissible.
- (xxxiii) An addition of Rs. 50 or such amount as may from time to time be deemed sufficient by Government for the purpose of financing the above concessions, should be credited monthly to the pay of all British members of the Superior Civil Services entitled to passage concessions (probably Rs. 25 a month will suffice for Indian members). This sum should be deducted at the source and transferred to a special "Passage Fund" in which the contributions thus made by every officer should accumulate and on which an officer requiring funds for the payment of passages should be allowed to draw. Any surplus in this fund will revert to Government. The monthly additions credited to pay under this proposal should not count towards pension, or leave or furlough allowance.

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63.

PENSIONS.

64—65

Indian Civil Service.

- (xxxiv) Having regard to the fact that in 1919 officers were relieved of the necessity of contributing 4 per cent. of their salary towards their pensions, no increase is recommended in the ordinary pension of this Service, nor is it possible to reopen the question of extending the recent concessions made regarding the refund of past contributions.
- (xxxv) Members of the Indian Civil Service, who attain to the rank of Members of Council, should be given an increased pension at the rate of £50 per annum for each year of service, as such, up to a maximum pension of £1,250. Those who serve as Governors of Provinces should similarly be given £100 for each year of service, as such, up to a maximum pension of £1,500 per annum.

67

63.

- (b) To waive their contracts with the Secretary of State and to enter into new contracts with the Local Governments concerned; or
- (c) To retire on proportionate pension, the option to remain open for one year from the date of transfer 74v
- (xlv) Existing members of the All-India Services now operating in reserved fields, who do not make use of their privilege of retiring on proportionate pension before action has been taken on the report of the Statutory Commission of 1920, and officers who joined the service since 1st January, 1920, should be allowed the option in (xliii), if and when the field in which their service operates is transferred 74v
- (xlv) The existing rule should be maintained under which officers of the Indian Medical Service in civil employment of less than 17 years' service, may not retire on proportionate pension unless the military authorities are unable or unwilling to absorb them in military employ 74vi

EXTRAORDINARY PENSIONS.

- (xlvii) A new rule should be made to cover the case of officers killed or injured whilst not actually in the execution of their duty, but for reasons connected with their official position or actions 75

PROVIDENT FUNDS.

- (xlviii) The advisability of substituting provident funds for pensions for future recruits should be carefully considered. If the change is feasible, and acceptable to the Services, it should be made without delay. The application of such a scheme to present members of the Services should also receive expert examination 76

FAMILY PENSION FUNDS.

- (xlviii) Family Pension Funds, on the lines of that already existing for the Indian Civil Service, should be introduced for the other All-India Services as soon as practicable 77
- (xlix) An independent actuarial investigation into the position of the Indian Civil Service Family Pension Fund should be undertaken as soon as possible. A Board

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Votability of Government Contributions to Provident Funds.

- (liv) The Governor-General should consider whether he might not construe such contributions as "pension" within the meaning of the Government of India Act in accordance with section 67 A (4) thereof and all Governors should consider the same point in accordance with section 72 D (3)

87

Position of Specialist Officers.

- (lv) A specialist officer on a contract for a definite period whose services have been dispensed with before the end of his term for reasons other than unsatisfactory performance of his duties, for example, on grounds of economy, has a claim to special compensation. The amount of compensation should be fixed by the Government responsible, in consultation with the Public Service Commission

88

Officers of All-India Services not appointed by the Secretary of State.

- (lvi) Officers, including ex-Army officers in the Indian Police Service, not appointed by the Secretary of State but with his approval, should be reappointed by him from the date of their original appointment, so as to secure for them the same privileges as are enjoyed by other officers of the same Service

89

HOUSE RENT.*Houses supplied by Government.*

- (lvi) In assessing rent, interest should be calculated on the cost of construction, but nothing should be included in respect of the cost (if any) of the site. The capital cost of electrical and sanitary fittings should be included in the capital cost of the building.

On the capital cost so calculated the rent of the house should be assessed at not more than 6 per cent. The rent so calculated should be the annual rent payable by the tenant provided that he should not have to pay more than 10 per cent. of his monthly emoluments for the period of his occupation of the house. The cost of any restoration or special repairs should

PARAS.

(e) Officers if treated in hospital should not be liable for medical, surgical or nursing charges. Normal fees should be chargeable for their wives and families	93e
Free medical attendance for the wives and families of officers should not be provided	94

LEAVE RULES.

(lx) The existing leave rules are sufficiently liberal and require no alteration	95
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BURMA.

(lxi) All recommendations in this Report (including those relating to Indianisation and Provincialisation) apply to Burma. The Secretary of State, in consultation with the Government of India and the Local Government, should make any necessary adjustment in regard to the distribution of future recruits to the All-India Services as between Burma and other Provinces .	96—98
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DATE AT WHICH THIS REPORT SHOULD COME INTO EFFECT.

(lxii) The recommendations in this Report should take effect from the commencement of the financial year 1924-25 .	99
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RECRUITMENT.

(lxiii) (a) In the interests of recruitment it is important that every officer should have a reasonable measure of security. Uncertainty arising from the possibility of the abolition of posts is dealt with in (li) above	102
(b) As regards the risk that the officer may find the conditions of his service uncongenial, the recommendation in (xliii) provides a regular means of withdrawal without great financial injury	103
(c) Efforts should be made to stimulate recruitment by well-considered propaganda. With this in view the India Office should establish some permanent liaison with the British Universities	103
(d) A full and candid explanation of the present position in India, and of the conditions of service under the reformed system, with precise details as to pay, pensions and other privileges, and the measures of protection and security provided, should be made available for prospective recruits	103

APPENDIX X.

Resolution of the Legislative Assembly upon the separation of Railway Finance from General Finance.

“This Assembly recommends to the Governor General in Council that in order to relieve the general budget from the violent fluctuations caused by the incorporation therein of the railway estimates and to enable railways to carry out a continuous railway policy based on the necessity of making a definite return to general revenues, on the money expended by the State on railways :

- (1) The railway finances shall be separated from the general finances of the country and the general revenues shall receive a definite annual contribution from railways which shall be the first charge on the net receipts of railways.
- (2) The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines (excluding capital contributed by companies and Indian States) at the end of the penultimate financial year *plus* one-fifth of any surplus profits remaining after payment of this fixed return, subject to the condition that, if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge, surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good.

The interest on the capital at charge of, and the loss in working, strategic lines shall be borne by general revenues and shall consequently be deducted from the contribution so calculated in order to arrive at the net amount payable from railway to general revenues each year.

- (3) Any surplus remaining after this payment to general revenues shall be transferred to a railway reserve, provided that if the amount available for transfer to the railway reserve exceeds in any year three crores of rupees only two-thirds of the excess over three crores shall be transferred to the railway reserve and the remaining one-third shall accrue to general revenues.
- (4) The railway reserve shall be used to secure the payment of the annual contribution to general revenues : to provide, if necessary, for arrears of depreciation and for writing down and writing off capital : and to strengthen the financial position of railways in

East Indian Railway and the Great Indian Peninsula Railway and existing State-managed Railways remain under State management. But if in spite of the Assembly's Resolution above referred to Government should enter on any negotiations for the transfer of any of the above Railways to Company management, such negotiations shall not be concluded until facilities have been given for a discussion of the whole matter in the Assembly. If any contract for the transfer of any of the above Railways to Company management is concluded against the advice of the Assembly, the Assembly will be at liberty to terminate the arrangements in this Resolution.

Apart from the above convention this Assembly further recommends :

- (i) that the Railway services should be rapidly Indianised, and further that Indians should be appointed as Members of the Railway Board as early as possible, and
- (ii) that the purchase of stores for the State Railways should be undertaken through the organisation of the Stores Purchase Department of the Government of India."

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